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ROYAL COMMISSION ON COASTING TRADE

APPENDIX 3

Containing copies of most of the
Exhibits filed at the sittings of
the Commission in Midland, Hamilton,
Toronto and a special sitting in
Ottawa in October, 1955.





INDEX TO APPENDIX 3.

(NOTE: This volume is numbered consecutively with volume 2 of the Appendix)

The following Exhibits were omitted from Appendix 2 and are either extended or noted in the index to this Appendix.

No.	Description	Transcript Page	Appendix Page
41	Document to be filed by Mr. Charnock.	1612	--
42	Report to the U.S. Senate.	1683	--
43	Compilation to be submitted by Dr. Solomon.	1811	--
44	Errata filed by Prof. MacDougall.	1910	--
45	Topographical Map of British Columbia, issued by Provincial Government in 1955.	1960	--
46	Map of Pacific Area.	1963	--
51	Photograph of the S.S. Princess of Alberni; photograph of the S.S. Princess Maquinna; photograph of the S.S. Princess Nora.	2083	--
54	Annual Report of MacMillan and Bloedel for the year ended September 30th, 1954.	2230	--
55	Annual Report of the British Columbia Lumber Manufacturers' Association.	2268	--
56	Extract from "The Campbell River Courier" dated Wednesday, August 3rd, 1955.	2300	--
57	Supplementary brief presented by Union Steamships Limited.	2307	--
58	Extract from "The Log", a magazine, of June, 1955, Volume 50, No. 6, page 6.	2429	--
60	Copy of Rate Book of B.C. Tow Boat Owners Association, dated January 10, 1946	2443	--



		Transcript Appendix	
No.	Description	Page	Page
1	61	Copy of Rate Book of B.C. Tow Boat Owners Association, dated August 15, 1951.	2443 --
3	65	Submission of Province of Saskatchewan to the Royal Commission on Transportation dated September 12th, 1949.	2509 --
6	71	Supplementary Brief of the Quebec Chamber of Commerce.	2811 Ap. 715 (Vol.3)
7	77	Group of 9 photographs showing condition of wharves - Three Rivers, Que.	3059 --
10	87	"Reference tables, March, 1955, Canadian Pulp & Paper Assn.", and "Quick Facts on the Pulp & Paper Industry".	3667 --
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14	90	Dominion Coal Board Act Chapter 86 of R.S.C.	3695 --
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19	95	Document entitled "Proposed statement by T.R. McLagan to be made at Montreal Hearings, October 12, 1955, of Royal Commission on Coasting Trade".	3799 --
22	96	Public Statement by Financial Post Service of affairs of Canada Steamship Lines.	3801 --
24	100	Map of Great Lakes System showing Transfer Points.	3807 --
25	102A) Map of Welland Canal in two B) sections.	3814 --	
27	105	Statement of average time taken to complete passage of Welland Canal by Lakers, downbound.	3818 Ap.732 (Vol.3)



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23		table coasting services (Pacific),		
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25	131	C.N.R. Tariff No. CM.195, C.T.C.		
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		statement and attached products		
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		harbours from which Branch Lines		
		Limited operate to Corner Brook.	4285	--



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149	Photograph of tug pulling barge of Branch Lines Limited.	4294	--
150	Folder containing five graphs numbered A, B, C, D and E, illustrating costs of Marine Industries Limited on different projects.	4334	Ap.736
151	Document headed "Midland Shipyards Limited; Distribution of Salaries and Wages Paid - Years 1951-1954".	4458	Ap.755
152	Document headed "Collingwood Shipyards Limited; Distribution of Salaries and Wages Paid - Years 1950-1954".	4458	Ap.756
153	Information re Port Dalhousie Shipyards Limited (formerly Muir Bros. Dry Dock); The Welland Canal; and Port Weller Dry Docks Limited.	--	Ap.757
154	Brief submitted by the Hamilton Chamber of Commerce to the Royal Commission on Coasting Trade, dated October 28, 1955.	4504	Ap.766
155	Submission of the Toronto Harbour Commissioners.	4578	Ap.775
156	Annual Report of the Commissioner of Finance (1954) for the Municipality of Metropolitan Toronto.	4578	--
157	Canadian Statistical Review, August 1955.	4578	--
158	Information received from Maclean's Building Guide (monthly).	4579	Ap.786
159	Annual Report of the Toronto Industrial Commission for the year 1954.	4579	--
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	No.	Description	Transcript Page	Appendix Page
1	161	Submission of The Canadian		
2		Federation of Agriculture dated		
3		Toronto, October 31, 1955.	4663	Ap.788
4	162	Brief of the Government of the		
5		Province of Alberta.	4748	Ap.837
6	163	Exhibits produced by Mr. Allinson,		
7		Ontario Shipping Intelligence		
8		Publishing Co.	4828	--
9	164	Brief of Kent Lines Limited,		
10		Brunswick Motors Limited and		
11		Irving Pulp and Paper Limited.	4881	Ap.853
12	✓ 165	To be supplied: "Answers to		
13		questions asked of Dominion		
14		Marine Association)	--	--
15				
16				
17				
18				
19				
20		(The following Exhibits were not included		
21		(in the transcript of the proceedings of		
22		(the Commission but were presented at a		
23		(meeting in Ottawa held following the		
24		(close of the Toronto sittings, and re-		
25		(produced for inclusion in this Appendix		
26		(-- as indicated)		
27	166	Document headed "Progress of Newfound-		
28		land compared with Progress Achieved		
29		Elsewhere in Canada" giving parti-		
30		culars of personal income.		Ap.872
31	167	Letter to Royal Commission from		
32		The Canadian Fairbanks-Morse Co.		
33		Limited, dated November 9, 1955.		Ap.874
34	168	Mimeographed document from Canad-		
35		ian Maritime Commission, Traffic		(Not
36		Services Branch, giving particulars		(copied
37		of ships of Canadian Merchant Fleet		(for
38		(Sept. 1, 1955)		(incl.)
39	169	Letter from Algoma Steel Corp., Ltd.,		
40		Sault Ste. Marie, Ont., to the		
41		Chairman of the Royal Commission		
42		giving information re steel Algoma		
43		sells to the shipbuilding industry		Ap.876
44		(3 photos attached to original ex.)		

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3	to the Secretary of the Royal Com-	
4	mission attaching information on	
5	their present fleet, Articles of	
6	Agreement, Daily operating costs,	Ap.879
7	etc.	
8	171 Further submission of Saguenay	
9	Terminals Limited.	Ap.913
10	172 Document from Saguenay Terminals	
11	Ltd. giving cost experience in oper-	
12	ating 10,000 ton vessels during 12	
13	months prior to and 12 months fol-	
14	lowing transfer from Canadian regis-	
15	try to U.K. registry.	Ap.920
16	173 Letter from The Shipping Federation	
17	of Canada, dated Nov. 7, 1955, en-	
18	closing data on liner grain freight	
19	rates, tramp grain freight rates,	
20	etc.	Ap.921
21	174 Letter from Branch Lines Ltd., dated	
22	Oct. 31, 1955 re movement of pulp-	
23	wood to Corner Brook before 1949.	Ap.928
24	175 Letter from Owen Sound Chamber of	
25	Commerce, dated Oct. 26, 1955,	
26	re correct capacity of grain ele-	
27	vator at Owen Sound.	Ap.930
28	176 Explanation of method used to ob-	
29	tain the figures given to the Com-	
30	mission in Exhibits 85 & 86, by	
	Clarke Steamship Co. Ltd.	Ap.931
	177 Letters to and letter from T.R.	
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	178 Letter from Halley, Hickman & Hunt	
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	Furness, Withy submission.	Ap.939
	179 Letter from B.C. Loggers' Assoc.,	
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	re their Association.	Ap.942
	180 Printed booklet on Canadian Pulp	(not
	& Paper Association (Proceedings	(copied)
	of the Annual Meeting of the C.P.	
	& P.A. - 1955)	



No.	Description	
1		
2	181 Letter from The Canadian Wheat Board dated Oct. 25, 1955, enclosing compila-	
3	tions re ocean freight rates.	Ap.945
4	182 Letter from Government of Nova Scotia dated Oct. 11, 1955, giving	
5	estimate of additional costs which	
6	would accrue to shippers in N.S. if	
7	U.K. ships should be excluded from	
8	participation in Canada's coasting	
9	trade.	Ap.962
10	183 Letter from Canada Steamship Lines Ltd.,	
11	dated Oct. 20, 1955, enclosing state-	
12	ment giving info. on Package Freight	
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15	184 Letter from Canadian Shipping & Marine	
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18	competition - U.K. & Canada.	Ap.971
19	185 Document headed "The Shipping Confer-	
20	ence - Vessels engaged in international	
21	trading built in U.K. for Canadian	
22	and Newfoundland Owners".	Ap.974
23	186 Document from P.R. Vaillancourt,	
24	St.Lawrence Municipal Bureau, Montreal,	
25	dated Oct. 5, 1955, re surcharge sug-	
26	gestion for British ships.	Ap.977
27	187 Submission of the Manitoba Transpor-	
28	tation Commission.	Ap.980
29	188 Letter from W.A. Phillips, Anderson	
30	& Co. Ltd., London, England, to Branch	
	Lines Ltd., dated Oct. 28, 1955, re	
	cost of conversion of existing types	
	of canaller from steam to diesel.	Ap.990



---Exhibit No. 71: Supplement to the Memorandum to the Royal Commission on Coasting Trade of Canada concerning Coasting Trade, by The Quebec Board of Trade, September 1955.

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I N T R O D U C T I O N

It is our privilege to submit to the Royal Commission on the Coasting Trade of Canada a supplement to our memorandum, which was forwarded at the end of June last.

This supplement contains additional considerations on the problem of coastal trading and it's implications.

It was adopted by the Coasting Trade Sub-Committee on Wednesday September 7, by the Executive of the Port Committee on Thursday, September 8, and by the Board of Directors of Tuesday, September 13, 1955.

THE QUEBEC BOARD OF TRADE

Alphonse Proteau
President

Pierre Boutin
President of the Coasting Trade
Sub-Committee

Isidore-C. Pollack
President of the
Port Committee

Yves Poisson
Secretary-Treasurer

Quebec, September 14, 1955.

C H A P T E R V I I IS M A L L N A V I G A T I O N

This Chapter follows Chapter III of the main memorandum already submitted to the Commission. It's object is to explain with more details the competition situation created following particular advantages offered ship owners established in the Lachine Canal zone in the Port of Montreal.

G E N E R A L S I T U A T I O N

Some one hundred small ships of a tonnage varying between 200 and 450 tons carry out coastal shipping along the Saint-Lawrence River between Montreal and the Gulf of St-Lawrence.

The great majority of the owners of these small freighters are members of the "Association des Proprietaires de Navires du St-Laurent Inc.". These small ships which travel during the whole navigation season, contribute therefore to a not to be neglected trade in our inland waters.

T A R I F F S T R U C T U R E

The tariffs of this small navigation are established by personal and direct agreement between the ship owners and their clients. However, the tarification principles established by the Clarke Steamship Company are generally followed by the owners of these small vessels.

It is to be noted that these Clarke Steamship Company tariffs are the same for shipping from either Montreal or Quebec when going



1 eastward.

2 Please see tariffs 2-H, 3-J, 4-B and 11-G.

3 EMPLOYMENT

4 As regards employment, Montreal longshore-
5 men are subjected to two Provincial Government
6 decrees, one of them applicable to ocean
7 navigation and the other to inland or coastal
8 navigation.

9 The basic salary or wage for longshoremen
10 attached to ocean navigation is \$1.71 per hour,
11 while that of those connected to inland or coas-
12 tal navigation is \$1.43 per hour.

13 In the Port of Quebec, the longshoremen
14 working for oceanic navigation companies receive
15 a basic of \$1.68 per hour while those looking
16 after inland and coastal navigation ships receive
17 \$1.48.

18 The owners of small vessels must, there-
19 fore, pay five cents more per hour to the long-
20 shoremen of the Port of Quebec as compared with
21 their competitors from the Lachine Canal Zone of
22 the Port of Montreal.

23 TOP WHARFAGE

24 Top wharfage in force in the Port of
25 Quebec are those of the National Harbours Board,
26 that is, 25 cents per ton of freight plus 10%.
27 The same rights in the Lachine Canal Zone of
28 the Port of Montreal are 8 cents per ton, plus
29 10%.
30



Top wharfage in Quebec are therefore three times higher than those of the Lachine Canal Zone, which represents a considerable disadvantage to the users of our harbour.

HARBOUR DUES

Harbour dues are $\frac{1}{2}$ a cent per ton of net registered cargo for each eight consecutive hours or fraction of that period of time in the Port of Quebec or in the other ports administered by the National Harbours Board.

A 400-ton vessel docked for 48 hours in Quebec would therefore cost \$12.00, while it would not cost one penny at the mouth of the Lachine Canal, where nothing is charged for the first 48 hours.

In fact, there is no fee in the Lachine Canal zone.

LAND LEASE

At the mouth of the Lachine Canal, the Department of Transport leases land to navigation enterprises for less than one cent per square foot per year. The lessees of this land may even build their own warehouses, in which they are the only and sole masters and the only ones responsible for the merchandise kept therein.

USERS OF LACHINE CANAL

The main companies benefitting from the advantages of the Lachine Canal Zone are the following: Canada Steamship Line, Guy Tombs,



1 Quebec & Ontario Transportation, Agence Maritime
2 Inc., les Caboteurs Unis de Quebec, etc.

3 RECOMMENDATIONS TO THE COMMISSION

4 The advantages thus offered to the ship
5 owners established at the mouth of the Lachine
6 Canal favor a competition which is impossible to
7 face by the users of the Port of Quebec.

8 We are not criticizing those advantages
9 which small navigation enjoys. However, we ask
10 the Commission to recommend the establishment in
11 the Port of Quebec of a special zone in which the
12 ship owners could benefit from similar advantages
13 or of a tariff equivalent to that which is applied
14 in the Lachine Canal zone for all ships of 600
15 tons or less.

16
17
18 C H A P T E R IX

19 PORT FACILITIES

20
21 As we forecast at Chapter IV of our main
22 memorandum, the canalization of the Saint-Lawrence
23 River will make it possible to the barges from
24 the Great Lakes to reach Quebec and even farther
25 East.

26 To profit from the Seaway to reduce notice-
27 ably the cost of transportation of cereals, it
28 is indispensable to build large storing grain
29 elevators along the Saint-Lawrence River to avoid
30 an always costly transshipment in Georgian Bay,



1 Lake Huron, Lake Erie, Lake Ontario and even at
2 Prescott, Ontario.

3 The storing capacity of the various ele-
4 vators of the Great Lakes and of those of Prescott
5 amounts to approximately 45,741,000 (m) bushels.
6 (23).

7 Quebec City is the ideal location for the
8 building of large storing elevators where ocean
9 vessels could load their cargoes. It is, in
10 fact, the last important Eastern Port on the Saint-
11 Lawrence River.

12 It would therefore be opportune to plan
13 immediately the required work to face this new
14 situation.

15 WHARVES

16 The outer basin of the old Port, where are
17 located the marine unloading towers, will not,
18 evidentially, be able to receive the large barges
19 from the Great Lakes, which will have to use the
20 old wharves of the estuary of the Saint-Charles
21 River or those of Wolfe's Cove.

22 To assure to these good service, the refec-
23 tion of these wharves, which are now too old and
24 not solid enough, is a necessity, or what would
25 be better, the construction of new ones.

28 (23) Cf. "Eastern Canada Grain Elevators", pub-
29 lished by Johnson & Dever Ltd., Montreal,
30 1954.



1 MARINE TOWERS

2 To unload rapidly the barges, it is essential
3 to build new marine towers with a minimum capacity
4 of 36,000 bushels per hour each.

5 The present capacity of the marine towers
6 is only between 10,000 and 15,000 bushels an
7 hour.

8 GRAIN ELEVATORS

9 Because of their construction, the con-
10 veyors of the existing elevators cannot be used
11 for the storing of cereals unloaded at the in-
12 creased rapidity recommended to service the
13 vessels from the Great Lakes.

14 It is therefore indispensable to build
15 new elevators in the Port of Quebec, and in
16 the light of the above, we believe that these
17 elevators should have a storing capacity of at
18 least 15,000,000 (m) bushels of cereals.

19 To make it possible to passenger ships
20 to carry grain there is also the necessity to
21 study the possibility of building part of these
22 elevators near the Wolfe's Cove Terminal, the
23 wharves of which could be extended towards the
24 East as far as the former wharves of the Brown
25 Corporation and those of the Canadian National
26 Railways.

27 A difficulty will appear as regards the
28 construction of elevators in the Princess
29 Louise Basin. In fact, it will be necessary,
30



1 first, to demolish the old Immigration building,
2 and the demolition of that building should be
3 completed early enough so that the construction
4 of the new elevators be completed along with
5 the Saint-Lawrence Seaway project.

6 -----
7
8
9 C H A P T E R X

10 SHIPYARDS

11 Quebec region is well provided in the do-
12 main of shipyards.

13 It has five enterprises supplementing each
14 other's needs which makes possible the construc-
15 tion of about any type of ship, from fishing
16 vessels and tugs to large tankers, war vessels
17 and even heavy tonnage ships and liners.

18 The five enterprises thus involved in ship-
19 building are: Davie Shipbuilding Limited, Lauzon,
20 George-T. Davie & Sons Limited, Lauzon, Davie
21 Brothers, Levis, Talbot, Hunter Engineering &
22 Boiler Works Ltd., Quebec, and Chantiers Maritimes
23 St-Laurent Ltee, St-Laurent Island of Orleans.

24 The two main shipbuilding enterprises are
25 Davie Shipbuilding Ltd. and George-T. Davie &
26 Sons.

27 The first has seven building berths, two
28 of which 320 feet in length by 55 in width, one
29 of 450 feet by 60, three of 650 feet by 70 and
30



1 and one of 150 feet by 60 in width. Ships of more
2 than 600 feet were, in fact, built on these berths
3 and minor repairs may be done to accommodate ships
4 of 700 feet or more.

5 The second firm owns four berths of 360
6 feet by 45.

7 Besides these building berths, the Federal
8 Government owns at Lauzon two dry docks regularly
9 used by the two above mentioned firms: Champlain
10 dock, 1,150 feet in length, and Lorne dock with
11 650 feet. Champlain dock is among one of the
12 longest in the world and can take in the largest
13 ocean liners.

14 Davie Brothers and Chantiers Maritimes
15 St-Laurent Ltee are equipped for the construction
16 and repairing of all types of wooden ships, from
17 pleasure yachts to schooners and fishing vessels.

18 Talbot, Hunter Engineering & Boiler Works
19 Ltd., repair ships, mostly machinery and pipes
20 work.

21 EMPLOYMENT

22 The economic importance of these enter-
23 prises for the Quebec region is not to be proven.

24 During the last war, the two main ship-
25 yards alone employed up to 7,500 persons.(24)

26 In 1949 they had on their payrolls approxi-
27 mately 640 persons.
28

29 (24) Morton Shipyards, now closed, employed dur-
30 ing and immediately following the last war, from
1,500 to 2,000 persons, not included in these figs.



1 Following the war, their employment was,
2 in 1953, approximately, 4,000. The present aver-
3 age is 2,100.

4 It goes without saying that such fluctua-
5 tions in employment are very unfavourable to the
6 regional economy because it is very difficult to
7 absorb into the general economy shipbuilding workers
8 having no employment. The result is a consider-
9 able unemployment situation which is not compensa-
10 ted either by unemployment insurance or family
11 allowances.

12 The economic stability of the region is
13 therefore an important factor to be considered
14 in regards with the recommendations of this Board
15 of Trade on the necessity to reserve coastal
16 shipping to ships and vessels built and register-
17 ed in Canada.

18 Moreover, it is to be noted that the forma-
19 tion of shipyard help is long and costly for the
20 employers. And as the work to be carried out
21 in these shipyards has a more and more technical
22 character, the training of the help will be the
23 more costly.

24 The ups and downs of the employment figures
25 in this field are, thus, doubly harmful to the
26 economy of these enterprises and, in consequence,
27 to the national economy.

28 If an important part of this help is not
29 kept at work, it is to be feared that it will be
30



impossible to train a new group of workers fast enough to face an eventual situation of national emergency.

SHIP REPAIRING

It is to be noted that ships registered outside the country, including Great Britain, use Canadian shipbuilding and repairing yards only for essential and minor repairs. Whenever it is possible, they direct their ships to their respective shipyards.

It is, therefore, the more important to have a Canadian merchant marine using Canadian shipyards for repairs.

C H A P T E R X I

THE PORT OF QUEBEC

To complete the documentation of this Commission, we feel we should put in evidence the advantages offered by the Port of Quebec.

1-GEOGRAPHICAL SITUATION

Quebec City is the first important Port along the Saint-Lawrence River, coming up-river from the Atlantic Ocean, and its port facilities make it possible to receive without any difficulty all commercial vessels, including the largest liners in the world.

Among all the ports along the Saint-Lawrence River, it is the closest to Liverpool and



other ports of the Eastern Coast of Europe.

The following Table shows the distances in miles between Quebec City and the main East Coast Ports, on one part, and Liverpool, on the other.(25).

Ports	Miles	Advantages
Halifax	2492	128
Quebec	2620	-
St.John,N.B.	2736	136
Montreal	2780	160
Portland	2776	156
Boston	2854	234
New York	3040	420
Philadelphia	3172	552
Baltimore	3328	708

As regards rapid oceanic transportation, Quebec, situated close to the most populated centres and the most important markets of the country, is therefore the most advantageous sea port.

2-NAVIGATION SEASON

Quebec City is largely favoured by its geographical situation as regards the other ports along the Saint-Lawrence River, insofar as the navigation season is concerned.

Because of the ice packs which block the river between Montreal and Quebec, it is possible to oceanics to reach our port without the aid

(25) These statistics were taken from a World Map published in 1938 by the Department of Mines and Resources.



1 of ice-breakers, up to two or three weeks after
2 the closing of navigation in the Port of Montreal.

3 3-DESCRIPTION

4 The Port of Quebec is divided into three
5 sections:

6 a) The old Port, situated at the mouth
7 of the Saint-Charles River, which includes: 1) the
8 Louise Basin, made of two basins, the inner and
9 outer basins, used by coastal vessels and oceanics
10 (these two basins are divided by a lock which re-
11 tains the tide waters in the inner basin); 2) the
12 estuary of the Saint-Charles River, which receives
13 deep sea vessels; 3) Pointe-a-Carcy, where are
14 located the National Harbours Board buildings
15 and other administrative services establishments.

16 b) The ocean liners terminal at Wolfe's
17 Cove, built in 1931. This terminal also receives
18 mixed cargoes.

19 c) On the South Shore of the Saint-
20 Lawrence River there are also a series of wharves
21 situated from St-Romuald eastward to Lauzon and
22 reaching the shipyards.

23 4-PORT INSTALLATIONS

24 The port is provided with important instal-
25 lations and can accommodate all types of ships.

26 Depth of water

27 The minimum depth at low tide varies be-
28 tween 20 and 40 feet.
29
30



1 Berthing places

2 The Harbour has 36 berths.

3 Twelve of these are near warehouses, two
4 of them, at Wolfe's Cove (A) and (29) in the estu-
5 ary of the Saint-Charles River, face each two berth-
6 ing places.

7 The other 24 berths are open air.

8 Warehouses

9 The ten warehouses of the Port, two of which
10 have two floors, have a total area of 766,000
11 square feet.

12 Grain Elevators

13 The grain elevators, situated in Louise
14 Basin and in the estuary of the Saint-Charles
15 River, have a capacity of 4,000,000 (M) bushels.
16 They are equipped to unload railroad freight cars
17 at a rate of 26,000 bushels an hour and boats at
18 a rate of 40,000 bushels an hour. The unloading of
19 the freight cars is done by a car dumper and that
20 of the boats by three marine towers.

21 The loading capacity of these elevators
22 is 90,000 bushels an hour for the boats and
23 20,000 bushels an hour for the railroad freight
24 cars.

25 Cold Storage

26 The Port is also equipped with two cold
27 storage plants, the main one with a capacity of
28 528,000 cubic feet and the second, reserved for
29 fish, of 1,000,000 (M) lbs.
30



1 Coal Park

2 A coal park can also receive 215,000 tons of
3 coal.

4 Railroads

5 The Port railroad network, which services
6 all oceanic berths, stretches over a distance of 23
7 miles and is inter-linked with the Canadian National
8 and Canadian Pacific Railways Companies. Shunting
9 service is made with three Diesel-electric 80-ton,
10 500 H.P. locomotives.

11 Fuel

12 Oil pipelines reach every shipberthing place
13 and a special berth is equipped with Diesel oil.

14 Coal used by boats may be loaded at several
15 of the wharves.

16 Tanks

17 Oil and gasoline tanks have an approximate
18 capacity of 100,000,000 (m) gallons.

19 Tugs

20 Tug service is available to all ships.

21 Loading and Unloading Equipment

22 The handling of the merchandise is also
23 assured by a floating 75-ton crane and three rail-
24 way cranes, each with a variable lifting capacity
25 of up to 38 tons.

26 Reserve

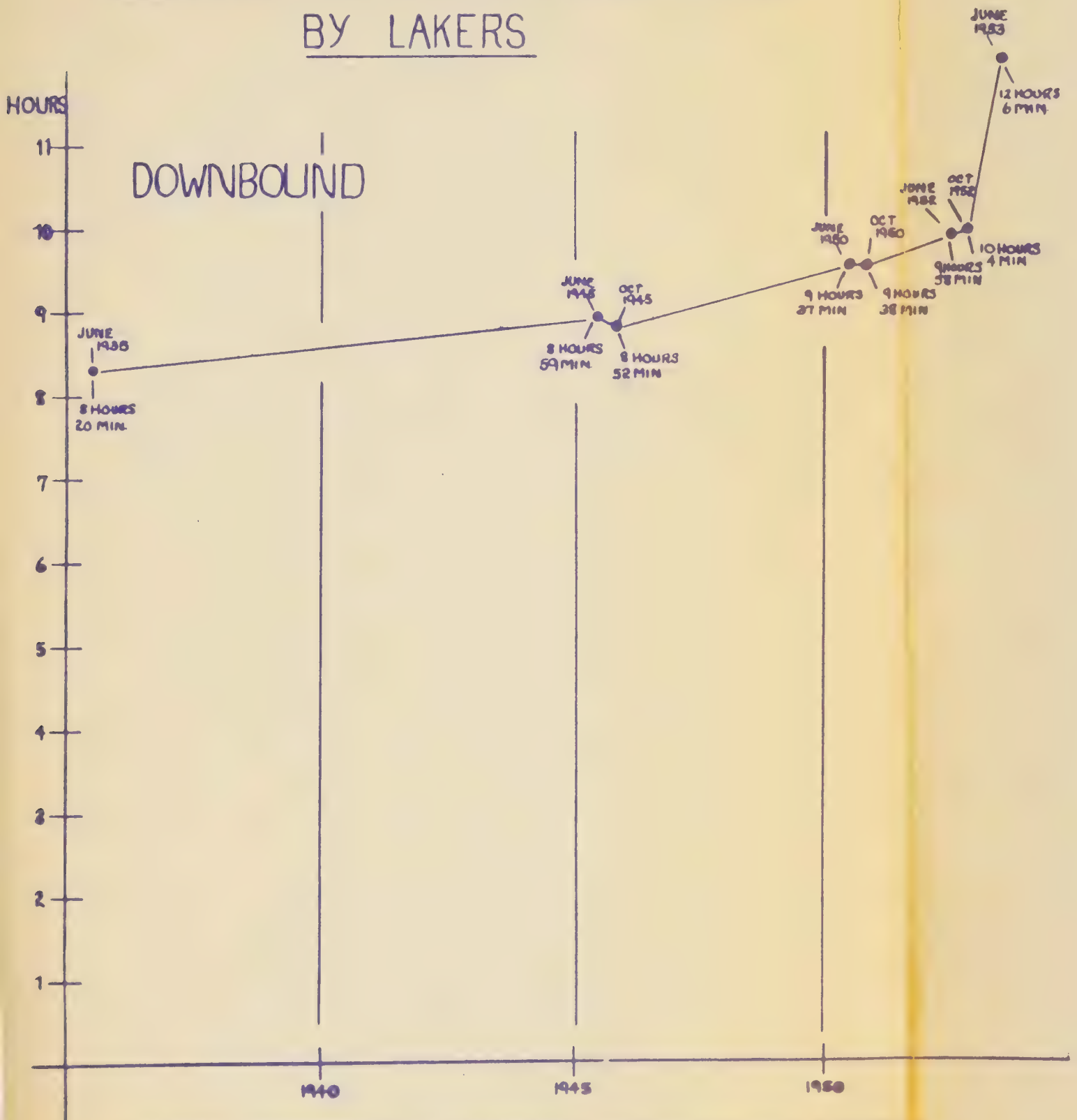
27 This description of the present advantages
28 of the Port does not take into account the fact
29 that the condition of certain services need
30



1 repair work. The Board reserves its opinion on
2 this matter because it intends to carry out a de-
3 tailed study of the present services the Port has
4 to offer and present, at the proper time, recommen-
5 dations to the competent authorities.
6
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Ex. 105

AVERAGE TIME TAKEN TO COMPLETE A PASSAGE OF THE WELLAND CANAL BY LAKERS

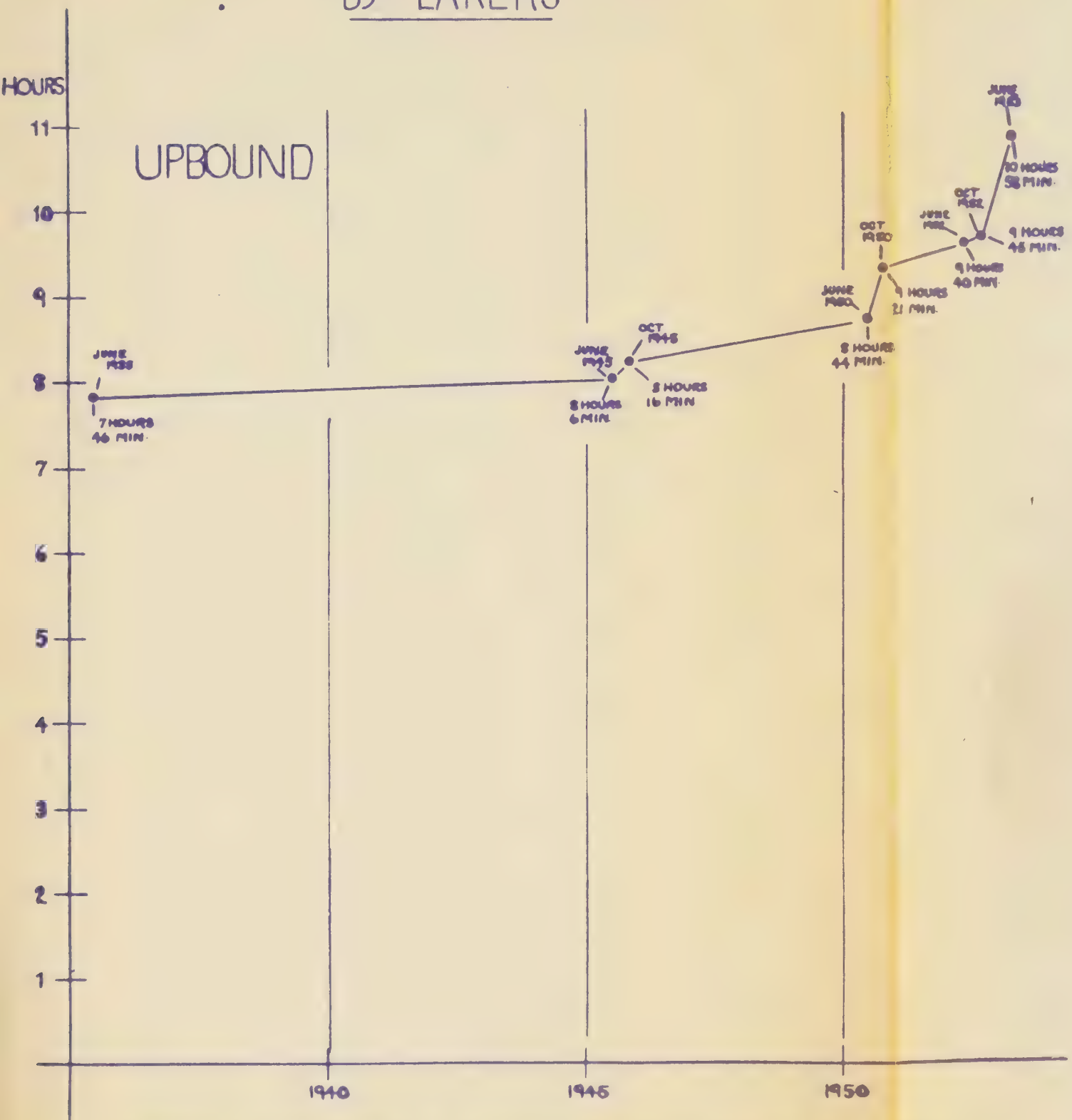


SOURCE: DEPARTMENT OF TRANSPORT, WELLAND CANAL STATISTICS

Ed 106

EXHIBIT No. 23

AVERAGE TIME TAKEN TO COMPLETE A PASSAGE OF THE WELLAND CANAL BY LAKERS

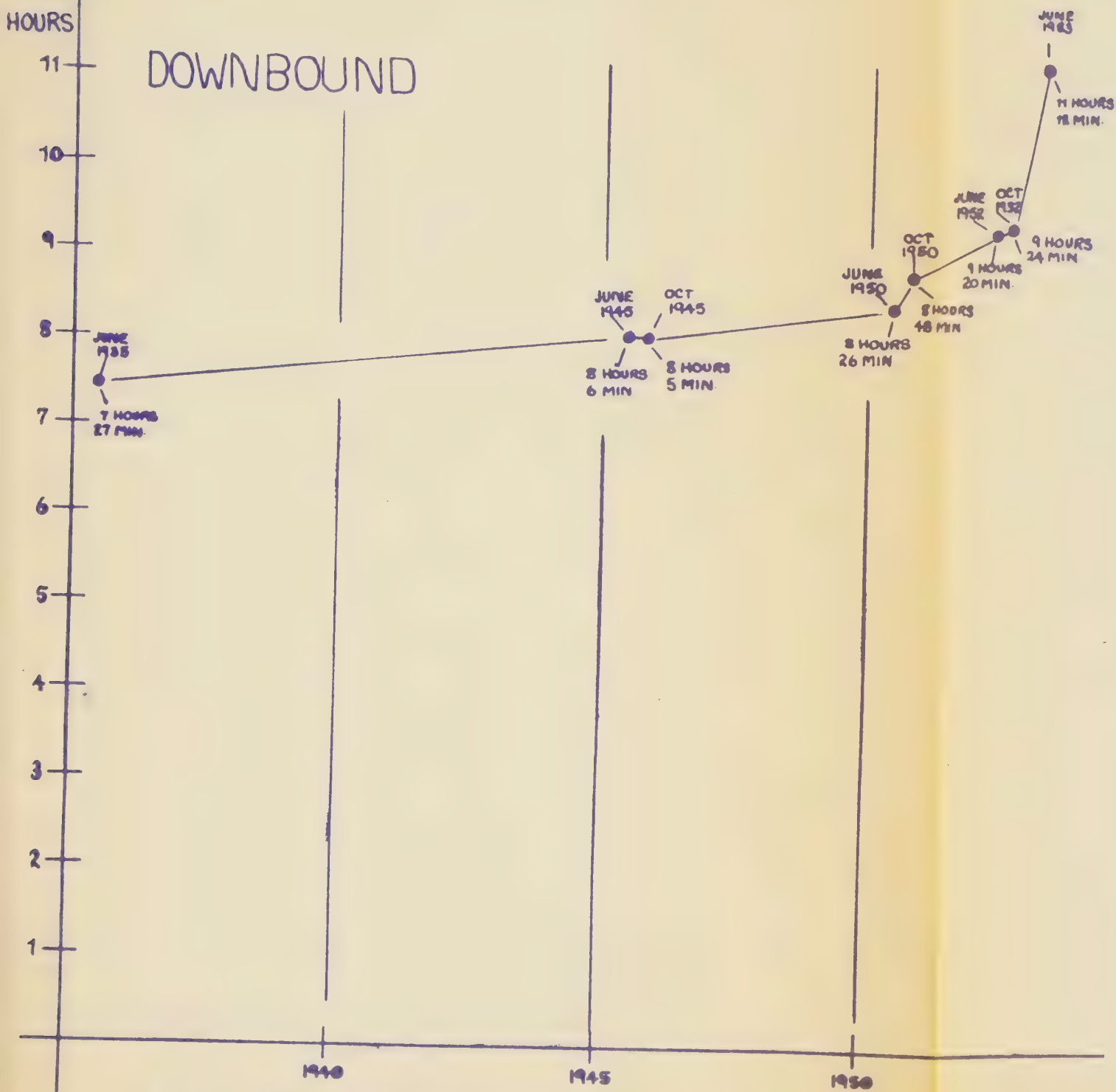


SOURCE: DEPARTMENT OF TRANSPORT, WELLAND CANAL STATISTICS

Ex 107

EXHIBIT No. 24

AVERAGE TIME TAKEN TO COMPLETE A PASSAGE OF THE WELLAND CANAL BY CANALLERS

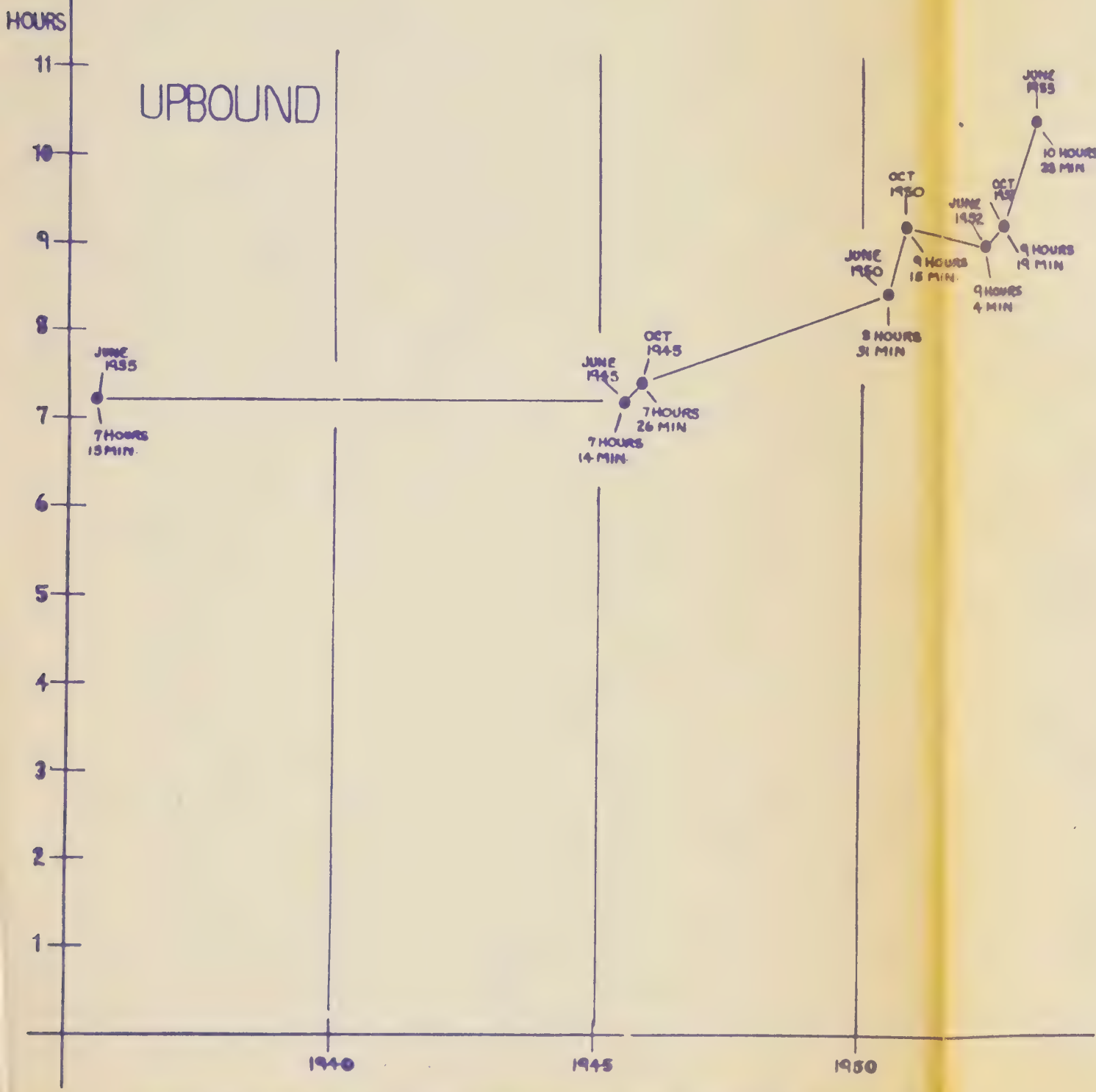


SOURCE: DEPARTMENT OF TRANSPORT, WELLAND CANAL STATISTICS

Ec 105

EXHIBIT No. 25

AVERAGE TIME TAKEN TO COMPLETE
A PASSAGE OF THE WELLAND CANAL
BY CANALLERS



SOURCE DEPARTMENT OF TRANSPORT, WELLAND CANAL STATISTICS



1 ---Exhibit No. 150: Folder containing five
2 graphs numbered A, B, C,
3 D and E, illustrating costs
4 of Marine Industries Limited on different projects.

5 EXHIBIT NO. 150

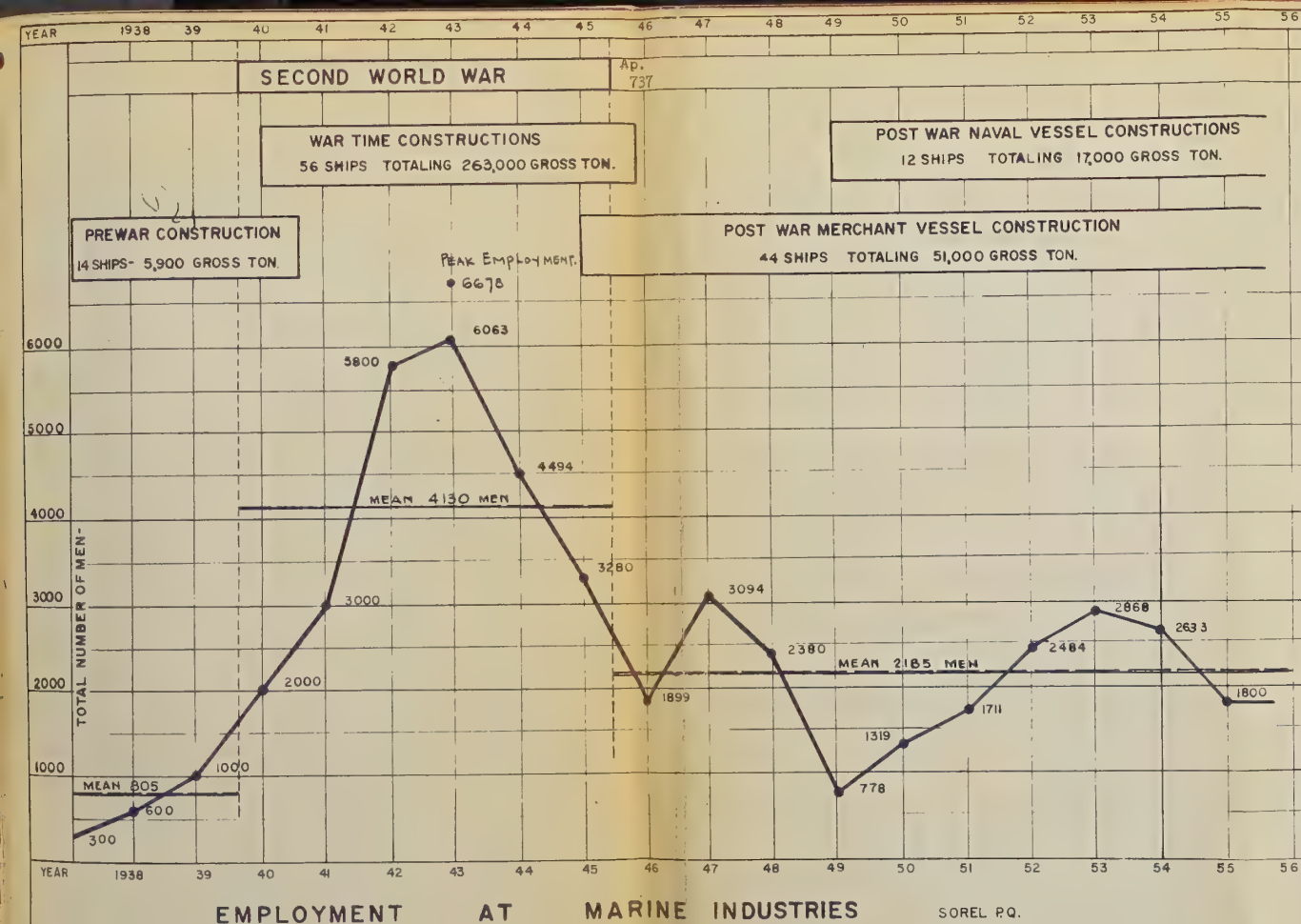
6
7 MARINE INDUSTRIES LIMITED

8 SOREL, Quebec,
9 Canada

10 LIST OF CHARTS IN FOLDER

- 11 a) Employment at Marine Industries Limited
12 during the period from 1937 to 1955.
- 13 b) Typical Distribution of Workers by
14 Occupation during Building Period of One
15 Vessel.
- 16 c) Chart Showing Savings Available to Canadian
17 Shipowners (Based on Constr. of 15
18 Trawlers for France)
- 19 d) Chart Showing Savings Available to Canadian
20 Shipowners (Based on Construction of
21 6, 2600 ton Vessels for France)
- 22 e) Summary Showing Savings Available to
23 Canadian Shipowners (Based on the Con-
24 struction of 10, 10000 ton Cargo Vessels
25 for the Canadian Government)

26
27 List of Constructions By Marine Industries Limited
28 during the period from 1926 to 1955 (attach-
29 ed).



PREWAR MERCHANT MARINE CONSTRUCTIONS
1937 TO 1940

NO. SHIPS	BUILT FOR:	GROSS TONNAGE
1	70'0" DIESEL TUG PORTER & SON	108
2	95'0" SHALLOW DRAFT TUGS NORTHERN TRANSPORTATION	225
3	97'0" DIESEL TUGS ABITIBI POWER & PAPER	603
1	153'0" COASTER CLARKE STEAMSHIP	470
1	118'0" COASTER CLARKE STEAMSHIP	348
1	259'0" TANKER SHELL OIL CO.	1921
1	127'0" TANKER IMPERIAL OIL CO.	400
1	240'0" TANKER IMPERIAL OIL CO.	1350
1	84'0" SOUNDING SCOW DEPT. OF TRANSPORT	165
1	120'0" DERRICK SCOW DEPT. OF TRANSPORT	211
1	200 C.Y. HOPPER SCOW DEPT. OF PUBLIC WORKS	171
14 SHIPS	TOTAL GROSS TONNAGE	5972

ALL BUILT FOR CANADIAN OWNERS

WAR TIME CONSTRUCTIONS

NO. SHIPS	GROSS TONNAGE
11	190'0" CORVETTES 9150
4	153'0" DIESEL MINESWEEPERS 2260
2	268'0" LASE SHIPS 4694
30	10,000 TON CARGO VESSELS 214000
3	3600 TON TANKER 7200
6	345'0" L.S.T. TRANSPORT FERRIES 25800
56 SHIPS	TOTAL GROSS TONNAGE 263,104

POST WAR MERCHANT VESSEL CONSTRUCTIONS

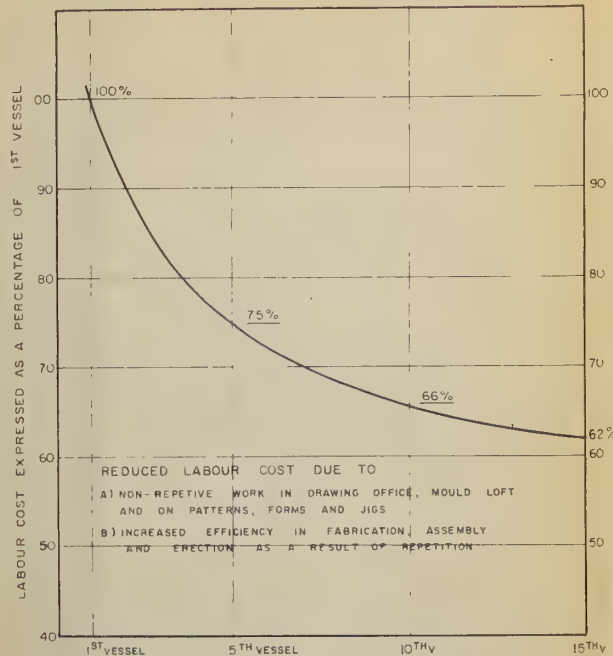
NO. SHIPS	BUILT FOR:	GROSS TONNAGE
4	428'0" CARGO VESSELS FRANCE	18000
6	313'0" CARGO VESSELS FRANCE	12400
15	137'0" FISHING TRAWLERS FRANCE	4050
1	372'0" ICEBREAKER TRAIN FERRY C.N.R.	6700
4	AUTOMOBILE FERRIES CAN. OWNERS	1413
2	259'0" MOTOR TANKERS CAN. OWNERS	4206
2	110'0" CRANE BARGES BOWATER-NFDL.	480
1	36' DIA. HYDRAULIC SUCTION DREDGE HYDRO QUEBEC	1140
2	65'0" ALUMINUM COAST GUARDS VENEZUELA	150
2	1 1/2 C.Y. CLAMSHELL DREDGES DEPT. OF PUBLIC WORKS	280
1	108'0" SCOW FOR DISPOSAL PLANT HYDRO QUEBEC	633
2	400 C.Y. HOPPER SCOW CAN. OWNERS	600
1	250 C.Y. HOPPER SCOW DEPT. OF PUBLIC WORKS	200
1	800 C.Y. BUCKET DREDGER CAN. OWNERS	900
44 SHIPS	TOTAL GROSS TONNAGE	51,152

POST WAR NAVAL VESSEL CONSTRUCTIONS

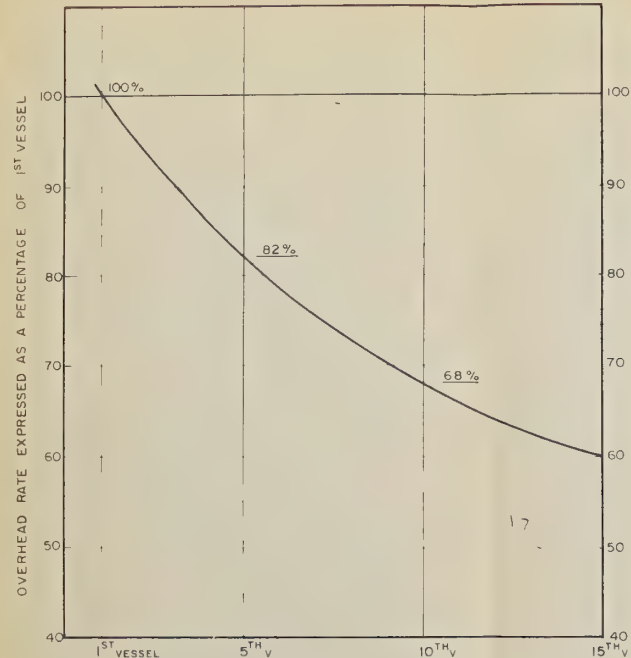
NO. SHIPS	GROSS TONNAGE
1	269'0" ARCTIC PATROL ICEBREAKER 3841
1	152'0" AMC MINESWEEPERS 470
3	301'0" FRIGATES (RECONDITIONING) 4530
2	180'0" MINESWEEPERS (RECONDITIONING) 1200
2	366'0" DESTROYER ESCORT 6400
1	152'0" M.C.B. MINESWEEPERS 470
2	105'0" AMMUNITION LIGHTERS 220
12 SHIPS	TOTAL GROSS TONNAGE 17,131

(A)

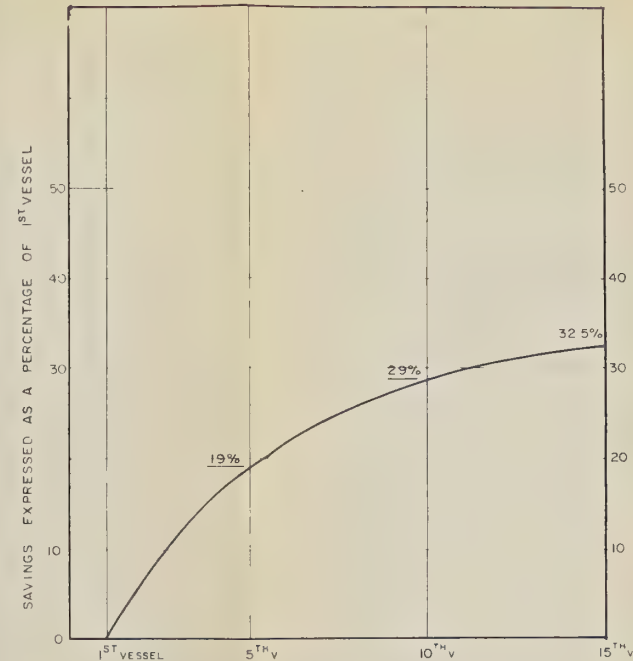
OCT. 55



DECLINING LABOUR COST
FOR SUCCESSIVE CONSTRUCTIONS.



DECLINING OVERHEAD RATE
AS A RESULT OF INCREASED LABOUR FORCE
DUE TO MULTIPLE CONSTRUCTIONS.



INCREASE IN SAVINGS TO OWNERS
DUE TO MULTIPLE CONSTRUCTIONS

WHAT THE PERCENTAGES OF SAVINGS MEAN IN DOLLARS

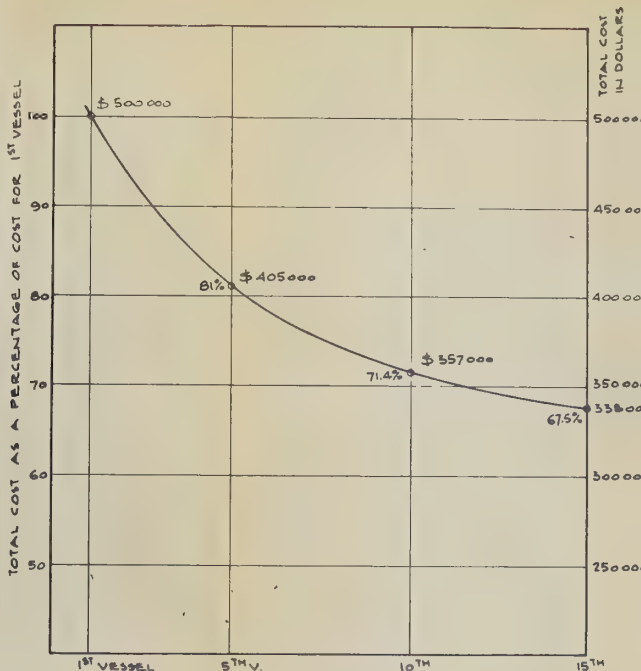
ASSUMING A GROSS COST OF
\$ 500,000.- FOR THE FIRST VESSEL

	COST	SAVINGS
1 ST VESSEL	\$ 500,000	NIL
5 TH VESSEL	\$ 405,000	\$ 95,000.
10 TH VESSEL	\$ 357,000	\$ 143,000
15 TH VESSEL	\$ 338,000	\$ 162,000

CHART SHOWING SAVINGS AVAILABLE TO CANADIAN SHIPOWNERS

IF SEVERAL VESSEL OF THE SAME TYPE ARE BUILT AT ONE TIME

(BASED ON THE ACTUAL CONSTRUCTION OF 15 TRAWLERS FOR FRANCE IN 1946/47)



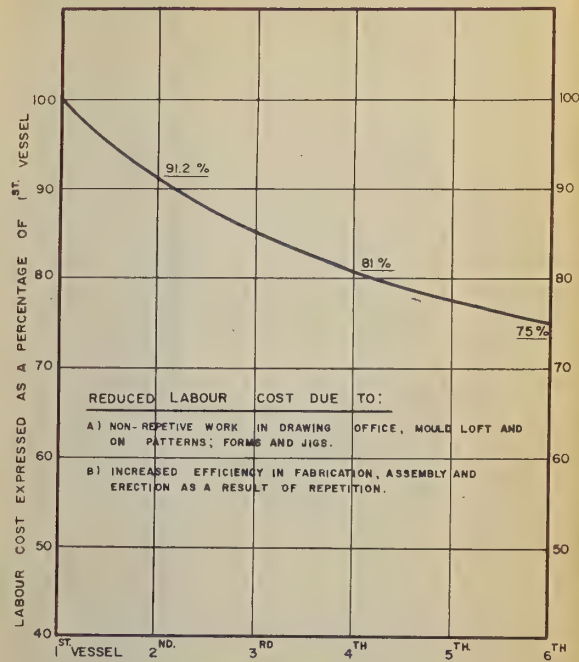
DECLINING BUILDING COST FOR SUCCESSIVE CONSTRUCTIONS

BASED ON ACTUAL CONSTRUCTION OF 15 TRAWLERS FOR FRANCE IN 1946/47 AND ASSUMING A TOTAL COST OF \$500,000 FOR THE FIRST VESSEL.

FLY TO (C)

MARINE INDUSTRIES LIMITED
SOREL, P.Q.

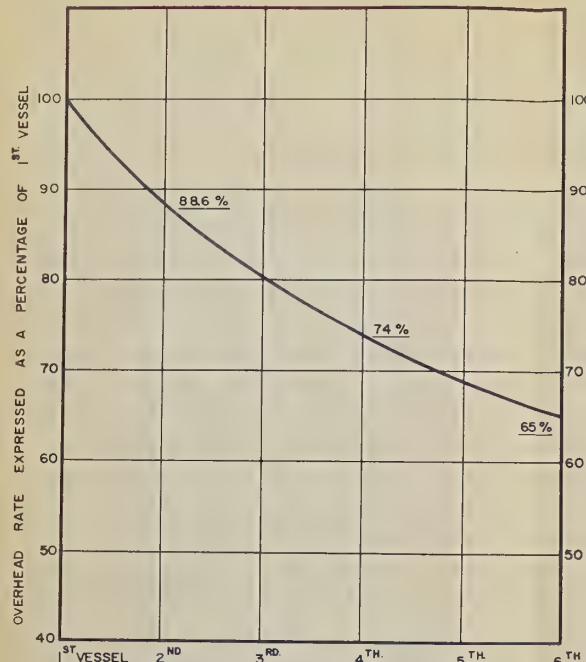
OCT. 56



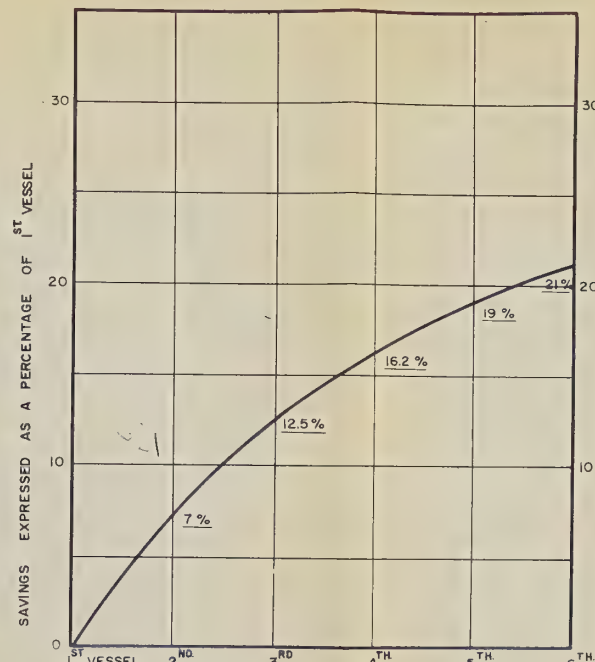
REDUCED LABOUR COST DUE TO:

- A) NON-REPETITIVE WORK IN DRAWING OFFICE, MOULD LOFT AND ON PATTERNS, FORMS AND JIGS.
 B) INCREASED EFFICIENCY IN FABRICATION, ASSEMBLY AND ERECTION AS A RESULT OF REPETITION.

DECLINING LABOUR COST
FOR SUCCESSIVE CONSTRUCTIONS



DECLINING OVERHEAD RATE
AS A RESULT OF INCREASED LABOUR FORCE
DUE TO MULTIPLE CONSTRUCTIONS



INCREASE IN SAVINGS TO OWNERS
DUE TO MULTIPLE CONSTRUCTIONS

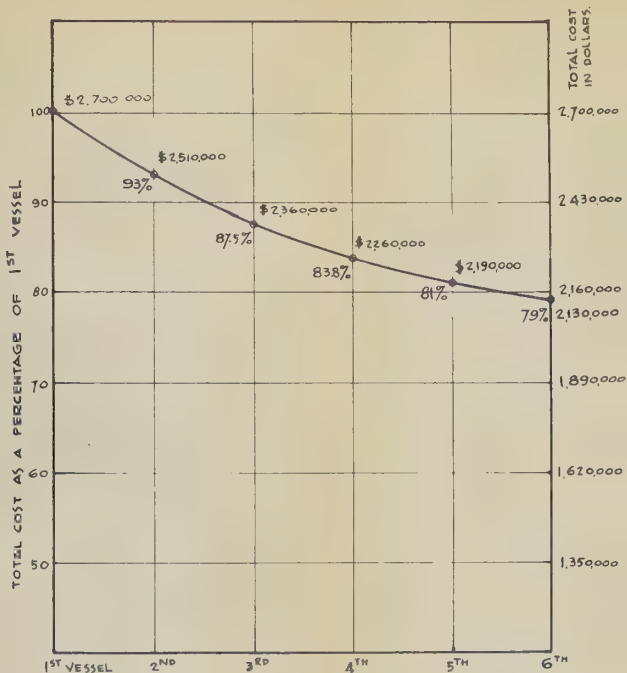
WHAT THE PERCENTAGES
OF SAVINGS MEAN
IN DOLLARS

ASSUMING A GROSS COST OF
\$ 2,700.000 FOR THE FIRST VESSEL

	<u>COST</u>	<u>SAVINGS</u>
1 ST VESSEL	\$ 2,700.000	NIL
2 ND VESSEL	\$ 2,510.000	\$ 190.000
3 RD VESSEL	\$ 2,360.000	\$ 340.000
4 TH VESSEL	\$ 2,260.000	\$ 440.000
5 TH VESSEL	\$ 2,190.000	\$ 510.000
6 TH VESSEL	\$ 2,130.000	\$ 570.000

CHARTS SHOWING SAVINGS AVAILABLE TO CANADIAN SHIPOWNERS

IF SEVERAL VESSELS OF THE SAME TYPE ARE BUILT AT ONE TIME
 (BASED ON THE ACTUAL CONSTRUCTION OF SIX 2600 TON VESSELS FOR FRANCE IN 1948/49)



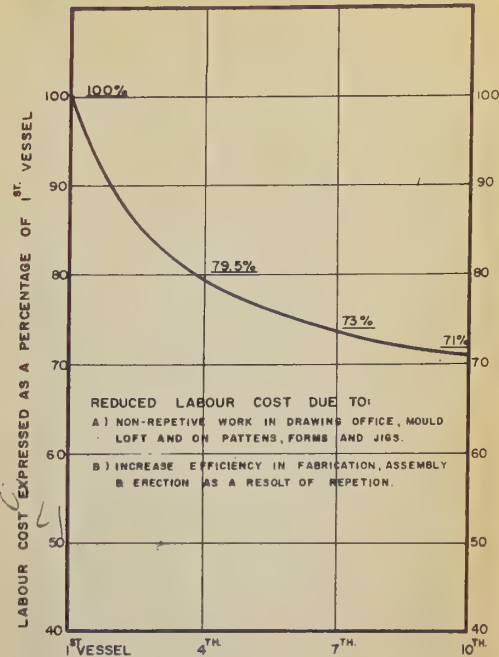
DECLINING BUILDING COST FOR SUCCESSIVE CONSTRUCTIONS

BASED ON ACTUAL CONSTRUCTION OF SIX
2600 TON CARGO VESSELS FOR FRANCE IN 1948/49 AND
ASSUMING A TOTAL COST OF \$ 2,700,000 FOR THE FIRST VESSEL

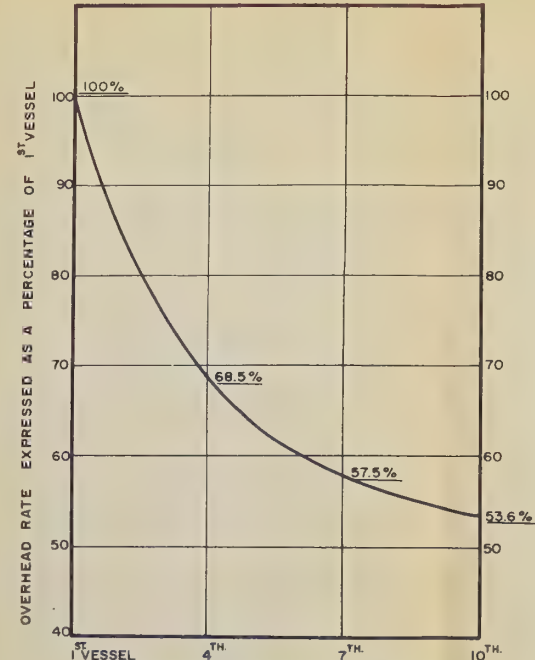
FLY TO



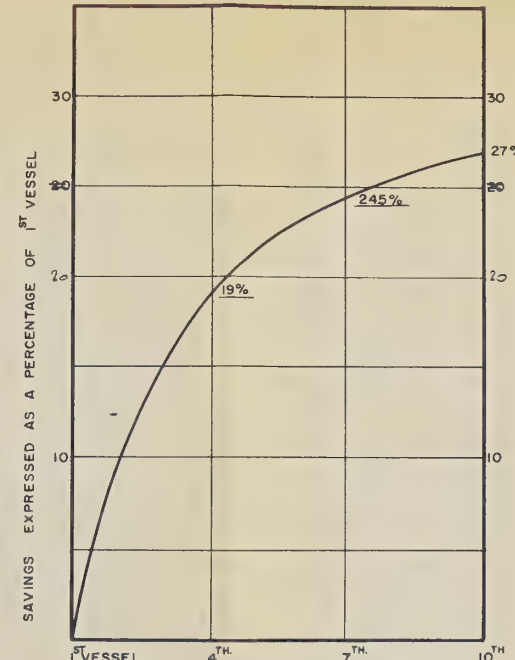
MARINE INDUSTRIES LIMITED
SOREL, QUE OCT 55



DECLINING LABOUR COST
FOR SUCCESSIVE CONSTRUCTIONS



DECLINING OVERHEAD RATE
AS A RESULT OF INCREASED LABOUR FORCE
DUE TO MULTIPLE CONSTRUCTIONS



INCREASE IN SAVINGS TO OWNERS
DUE TO MULTIPLE CONSTRUCTIONS

**WHAT THE PERCENTAGES
OF SAVINGS MEAN
IN DOLLARS**

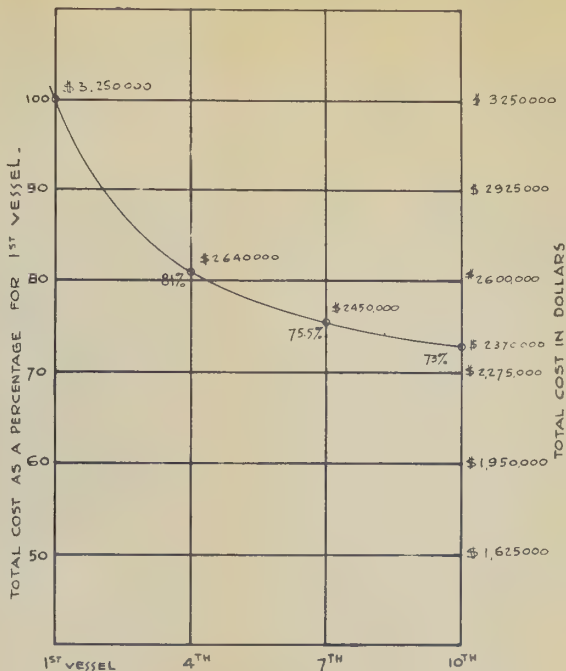
ASSUMING A GROSS COST OF
\$ 3,250,000 FOR THE FIRST VESSEL

	COST	SAVINGS
1 ST VESSEL	\$ 3,250,000	NIL
4 TH VESSEL	\$ 2,640,000	\$ 610,000.
7 TH VESSEL	\$ 2,450,000	\$ 800,000.
10 TH VESSEL	\$ 2,370,000	\$ 880,000.

CHARTS SHOWING SAVINGS AVAILABLE TO CANADIAN SHIPOWNERS

IF SEVERAL VESSELS OF THE SAME TYPE ARE BUILT AT ONE TIME

BASED ON THE ACTUAL CONSTRUCTION OF TEN 10,000 TON CARGO SHIPS FOR THE GOV'T OF CANADA IN 1942/43



DECLINING BUILDING COST FOR SUCCESSIVE CONSTRUCTIONS

BASED ON ACTUAL CONSTRUCTION OF TEN
10000 TON CARGO VESSELS FOR THE GOV^T OF CANADA 1942/43
AND ASSUMING A TOTAL COST OF \$ 3 250,000 FOR THE 1ST VESSEL

FLY TO (E)

MARINE INDUSTRIES LIMITED,
SOREL, QUE. OCT 55



LIST OF VESSELS BUILT BY MANSEAU SHIPYARDS LIMITED AND THEIR SUCCESSORS MARINE INDUSTRIES LIMITED

1926/1955

CONT. NO.	DATE	TYPE OF VESSEL	NAME OF SHIP	GROSS TON
1				
2				
3	1928	50 Ft. Wooden Pilot Vessel	Abraham Martin	21
4	1926	Wooden Scow Derrick	G.D.C. No.1.	60
5	1927	Wooden Dumping Scow	Manseau DS No.3.	110
6	1927	Wooden Dumping Scow	Manseau DS No.4.	108
7	1928	Steel Reel Scow	G.D.C. No.3.	31
8	1929	Electric Operated Suction Dredge	General Montcalm	823
9	1929	Steel Hull Grader	Rock General IV.	116
10	1929	Steel Hull Derrick Scow	G.D.C. No.5.	116
11	1929	Wood Flat Scow.	Manseau FS No.11.	126
12	1929	Derrick Scow.	HCM Derrick No.6.	233
13	1930	Steel Tug.	Dramis.	109
14	1930	Steel Lake Cargo Barge.	Red River.	1777
15	1930	Steel Tug Boat.	Captain Simard.	184
16	1930	Steel Ferry Boat.	St. Ours No.2.	22
17	1930	Hydraulic Suction Dredge	General Brock.	1089



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	18	1930	Wooden Tank Scow	G.D.C. No.7	81
4	19	1931	Steel Dumping Scow.	Manseau DS No.18.	418
5					
6	20	1931	Steel Dumping Scow.	Manseau DS No.19.	417
7					
8	21	1931	Steel Dumping Scows.	Manseau DS No. 20 & 21.	410
9	22	1931	Twin Screw Diesel Wood Patrol Vessel	A La Chasse	157
10					
11	23	1932	Steel Dumping Scows	Manseau DS No. 22 & 23	273
12					
13	24	1932	Steel Drill Scow	Rock General II	341
14	25	1933	Pontoon for Dredge No. 103		
15					
16	26	1934	Flat Wood Scows	Manseau FS No.12 Manseau FS.No14	133 124
17					
18	27	1933	Aluminum Diesel Patrol Vessel.	Interceptor.	38
19	28	1934	Dipper Dredge.	Cummings Dredge.	
20	29	1934	Cable Boat		
21	30	1935	Wood Scow.	Reel Scow No.3.	91
22	31	1935	Steel Hull Derrick.	Manseau No.104.	331
23					
24	32	1935	Steel Diesel Engined Tug.	Deschenaux.	46
25	33	1935	Steel Dumping Scows.	Manseau DS No.24 Manseau DS No.25 Manseau DS.No.26 Manseau DS No.27	304 304 415 415
26					
27	34	1935	Ladder Frame for Dredge Montcalm.		
28					
29	35	1935	Alteration to Dredge No.104.		
30					



1	CONT.	TYPE OF	NAME OF	GROSS
2	NO. DATE	VESSEL	SHIP	TON
3	36 1936	Scow	P.W.D. No. 64	126
4	37 1936	Hydraulic Suc- tion Dredge.	Captain Saurel.	312
5	38 1936	Ferry Boat.	St. Hilaire	
6	39 1936	Coaling Tower For Sin-Mac.		
7				
8	40 1936	Plate Shop Structure.		
9	41 1936	Steel structure Grain Elevator.		
10				
11	42 1936	Machine Shop Structure.		
12				
13	43 1936	Wharf North of Marine Railway.		
14	44 1936	South African Wharf.		
15	45 1936	Ice Pier on Lake St.Pierre.		
16				
17	46 1936	Single Screw Diesel Tug.	Foundation Martha.	41
18	47 1936	Office Building.		
19	48 1936	Steel Culindri- cal Buoys.		
20				
21	49 1936	Tanker Length- ened 40'0"	Transiter.	
22	50 1937	90'0" Steel Diesel Engined Tug.	Lawrence T.Porter	108
23				
24	51 1937	97'0" Steel Die- sel Engined Tug.	Radium Queen	108
25				
26	52 1937	97'0" Steel Die- sel Engined Tug.	Radium King	115
27				
28	53 1938	152'0" Coastal Passenger Cargo Vessel.	Matane I	470
29				
30				



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	54		Cancelled		
4	55	1938	Barge Conver-	Transriver	
5			sion		
6	56	1928	127'0" Steel		
7			Diesel Oil		
8			Tanker	Beecolite	400
9	57	1938	Erection of		
10			General Shop		
11	58	1938	Minesweeper		
12			Steam Engines		
13	59	1938	Minesweeper		
14			Boilers.		
15	60	1938	Extension to		
16			Boiler Shop.		
17	61	1938	Steel Diesel		
18			Tug-95'0"	Nipigon	206
19	62	1938	95'0" Steel		
20			Diesel Tug	Orient Bay	206
21	63	1938	95'0" Steel		
22			Diesel Tug	Magpie	191
23	64	1939	250'0" Steel		
24			Diesel Oil Tan-		
25			ker Conversion	Oakbranch	
26	65	1939	240'0" Steel		
27			Diesel Oil		
28			Tanker	Petrolite	
29	66	1939	Steel Launch	A.M. McQueen	
30	67	1939	Steel Dumping		
			Scow.	P.W.D. No.176	171
	68	1939	Steel Sound-		
			ing Scow	AT Sounding No.1.	165
	69	1939	Steel Flat		
			Scow	M.I. No.69	211
	70	1939	Steam Engines		
			for Icebreaker.		
	71	1939	118'0" Passenger		
			and Cargo	M.V. Rimouski	348



1	CONT.	TYPE OF	NAME OF	GROSS
2	NO. DATE	VESSEL	SHIP	TON
3	72 1940	25'0" Motor Launch	Tender No. 5.	4
4	73 1940	25'0" Motor Launch	Tender No.6.	4
5	76 1940	259'0" Oil Tanker	M.V. Lakeshell	1921
6	77 1940	250'0" Oil Tanker Con- version	S.S.Willowbranch	2153
7	78 1940	190'0" British Corvette	H.M.C.S.Arrowhead	830(x)
8	79 1940	190'0" British Corvette	H.M.C.S.Fennel	830(x)
9	80 1940	190'0" British Corvette	H.M.C.S.Bittersweet	830(x)
10	81 1941	190'0" Canadian Corvette	H.M.C.S.Sherbrooke	830(x)
11	82 1941	190'0" Canadian Corvette	H.M.C.S.Dunvegan	830(x)
12	83 1941	190'0" Canadian Corvette	H.M.C.S.Sorel	830(x)
13	84 1941	190'0" Canadian Corvette	H.M.C.S.Camrose	830(x)
14	85	Cancelled		
15	86	Cancelled		
16	87 1941	250'0" Barge Con- version to Tan- ker.	S.S.Cedarbranch	1700
17	88 1941	250'0" Barge Con- version to Tan- ker	S.S.Pinebranch	1700
18	89 1941	Barge Conver- sion to Tanker	Hopper Barge No.1.	1700
19	90 1941	Barge Conver- sion to Tanker	Hopper Barge No.4.	1700
20	91 1941	Cancelled		



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	92	1941	Cancelled		
4	93	1941	Extension to Building Sorel Industries Limited		
5	94	1941	153'0" Diesel Minesweeper	HMCS Trois- Rivieres	565(x)
6	95	1941	153'0" Diesel Minesweeper	HMCS Brockville	565(x)
7	96	1941	153'0" Diesel Minesweeper	HMCS Transcona	565(x)
8	97	1941	153'0" Diesel Minesweeper	HMCS Esquimalt	565(x)
9	98		Cancelled		
10	99		Cancelled		
11	100	1941	190'0" Canadian Corvette	HMCS Calgary	565(x)
12	101	1941	190'0" Canadian Corvette	HMCS Fredericton	565(x)
13	102	1941	190'0" Canadian Corvette	HMCS Regina	565(x)
14	103	1941	190'0" Canadian Corvette	HMCS LaMalbaie	565(x)
15	104	1942	268'0" Base Vessel	HMCS Preserver	2350(x)
16	105	1942	268'0" Base Vessel	HMCS Provider	2350(x)
17	106	1942	10,000 Ton Cargo	S.S. Port Royal Park	7150
18	107	1942	10,000 Ton Cargo	S.S. Algonquin Park	7150
19	108	1942	10,000 Ton Cargo	S.S. Glacier Park	7150
20	109	1942	10,000 Ton Cargo	S.S. Laurentide Park	7150
21	110	1942	10,000 Ton Cargo	S.S. Fort St. Paul	7150



CONT. NO.	DATE	TYPE OF VESSEL	NAME OF SHIP	GROSS TON
111	1942	10,000 Ton Cargo	S.S. Elm Park	7150
112	1942	10,000 Ton Cargo	S.S. Fort St. Regis	7150
113	1942	10,000 Ton Cargo	S.S. Fort La Tour	7150
114	1942	10,000 Ton Cargo	S.S. Rocky Mountains Park	7150
115	1942	10,000 Ton Cargo	S.S. Fort Michipicoten	7150
116	1942	10,000 Ton Cargo	S.S. Mount Revelstoke Park	7150
117	1942	10,000 Ton Cargo	S.S. Tweedsmuir Park	7150
118	1942	10,000 Ton Cargo	S.S. Stanley Park	7150
119	1942	10,000 Ton Cargo	S.S. Fort Missinable	7150
120	1943	10,000 Ton Cargo	S.S. Fort Frontenac	7150
121	1943	10,000 Ton Cargo	S.S. Fort Lennox	7150
122	1943	10,000 Ton Cargo	S.S. Fort Richelieu	7150
123	1943	10,000 Ton Cargo	S.S. Fort St. Joseph	7150
124	1943	10,000 Ton Cargo	S.S. Fort Beausejour	7150
125	1943	10,000 Ton Cargo	S.S. Fort Pic	7150
126	1943	10,000 Ton Cargo	S.S. Belwoods Park	7150
127	1943	10,000 Ton Cargo	S.S. Yamaska Park	7150
128	1943	10,000 Ton Cargo	S.S. Fort Musquarro	7150



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	129	1943	10,000 Ton Cargo	S.S. Fort La Cloche	7150
4	130	1943	10,000 Ton Cargo	S.S. Fort Mattagami	7150
5	131	1943	10,000 Ton Cargo	S.S. Fort Nottingham	7150
6	132	1944	10,000 Ton Cargo	S.S. Kawartha Park	7150
7	133	1942	250'0" Canal Barge Recon- ditioning	S.S. Ashleaf	1525
8	134	1942	250'0" Canal Barge Recon- ditioning	S.S. Aspenleaf	1521
9	135	1942	Cancelled		
10	136	1942	Cancelled		
11	137	1942	250'0" Canal Barge Recon- ditioning	S.S. Bayleaf S.S. Palmleaf	1544 1522
12	138	1944	10,000 Ton Cargo	S.S. Lakeview Park	7156
13	139	1944	10,000 Ton Cargo	S.S. Frantenac Park	7157
14	140	1944	10,000 Ton Cargo	S.S. Champlain Park	7159
15	141	1944	3,600 Ton Oil Tanker	S.S. Spruce- branch	2404
16	142	1944	3,600 Ton Oil Tanker	M.V. Eglinton Park	2404
17	143	1944	3,600 Ton Oil Tanker	S.S. Firbranch	2404
18	144	1945	372'0" Diesel Electric Ice- breaking Car Ferry	S.S. Adegweit	6694
19	145	1945	345'0" Trans- port Ferry L.S.T.		
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1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	146	1945	345'0" Transport Ferry L.S.T.		
4	147	1945	345'0" Transport Ferry L.S.T.		
5					
6	148	1945	345'0" Transport Ferry L.S.T.		
7					
8	149	1945	345'0" Transport Ferry L.S.T.		
9	150	1945	345'0" Transport Ferry L.S.T.		
10					
11	151	1945	L.S.T.Completion (Hull from Canad- ian Vickers Ltd.)		
12					
13	152	1945	L.S.T. Completion (Hull from Davie Shipbuilding Ltd.)		
14					
15	153	1945	345'0" Transport Ferry L.S.T.		
16	154	1945	345'0" Transport Ferry L.S.T.		
17					
18	155	1946	7,200 Ton Motor Cargo Vessel	Daloo	4513
19	156	1946	7,200 Ton Motor Cargo Vessel	Saint Mathieu	4513
20					
21	157	1946	7,200 Ton Motor Cargo Vessel	Pierre de Saurel	4513
22	158	1946	7,200 Ton Motor Cargo Vessel	Maine	4513
23					
24	159	1946	38 Metre French Trawler	Margat	269
25	160	1946	38 Metre French Trawler	Notre Dame Des Anges	269
26					
27	161	1946	38 Metre French Trawler	Vierge Marie	269
28	162	1946	38 Metre French Trawler	Sorel	269
29					
30					



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	163	1946	38 Metre French Trawler	Notre Dame de Grace	269
4	164	1946	38 Metre French Trawler	Dogger Bank	269
5	165	1946	38 Metre French Trawler	Vert Prairial	269
6	166	1946	38 Metre French Trawler	Raphael	269
7	167	1946	38 Metre French Trawler	Gaie Floreal	269
8	168	1946	38 Metre French Trawler	President Paul Doumer	269
9	169	1946	38 Metre French Trawler	Cap d'Alprech	269
10	170	1946	38 Metre French Trawler	Andre Ampere	269
11	171	1946	38 Metre French Trawler	Branly	269
12	172	1946	38 Metre French Trawler	Etienne Rimbert	269
13	173	1946	38 Metre French Trawler	Robert Thoumyre	269
14	174	1947	2,600 Ton Motor Cargo Vessel	Cap Couronne	2066
15	175	1947	2,600 Ton Motor Cargo Vessel	Charles Le Borgne	2066
16	176	1947	2,600 Ton Motor Cargo Vessel	Cap Camarat	2066
17	177	1947	2,600 Ton Motor Cargo Vessel	Kabyle	2066
18	178	1947	2,600 Ton Motor Cargo Vessel	Cap Cepet	2066
19	179	1947	2,600 Ton Motor Cargo Vessel	Kroumir	2066
20	180	1947	Automobile River Ferry	S.S.Laviolette	887
21					
22					
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1	181	1947	Hudson Bay Mission		
2			Coaster Conver-	Regina Polaris	296
3	182	1947	1 $\frac{1}{4}$ Cu. Yd.		
4			Clamshell		
5			Dredge	P.W.D. No.128	140
6	183	1947	1 $\frac{1}{4}$ Cu.Yd. Clam-		
7			shell Dredge	P.W.D. No.129	140
8	184	1948	108'0" Scow for		
9			Disposal Plant		633
10	185	1948	259'0" Diesel		
11			Engined Tanker	Willowbranch	2153
12	186	1948	Dredge Recon-		
13			ditioning	P.W.D. No.130	
14	187	1948	269'0" Naval		
15			Icebreaker	Labrador	4000
16	188	1949	Ferry Boat	Dept. of	
17				Colonisation	
18	189	1950	301'0" Weather		
19			Ship		1510(x)
20	190	1950	301'0" Weather		
21			Ship		1510(x)
22	191	1950	36'0" Sounding		
23			Motor Boat	Buisson	
24	192	1950	65'0" Aluminum		
25			Patrol Vessel	Catatumbo	75
26	193	1950	65'0" Aluminum		
27			Patrol Vessel	Caroni	75
28	194	1950	366'0" Destroy-		
29			er Escort	Assimiboine	3200(x)
30	195	1950	152'0" Mine-		
31			sweeper	Chignecto	470(x)
32	196	1950	Ferry Boat	Arthur Cardin	466
33	197	1951	259'0" Oil		
34			Tanker	Cedarbranch	2143
35	198	1951	Bangor Mine-		
36			sweeper Recon-		
37			ditioning	Sarnia	600(x)
38	199	1951	36" Hydraulic		
39			Dredge	Hydro-Quebec	1141



1	CONT.		TYPE OF	NAME OF	GROSS
2	NO.	DATE	VESSEL	SHIP	TON
3	200	1951	366'0" Destroyer Escort	St. Croix	3200(x)
4	201	1952	Frigate Recon- ditioning	Lanark	1510(x)
5	202	1952	Frigate Recon- ditioning	Victoriaville	1510(x)
6	203	1952	Barge Conversion to Diesel Coas- ter	B.F.	
7	204	1952	Frigate Recon- ditioning	Lauzon	1510(x)
8	205	1952	Minesweeper Reconditioning	Kenora	600(x)
9	206	1952	Minesweeper Reconditioning	Mahone	600(x)
10	207	1952	Tug Conversion to Diesel	Louise Simard	
11	208	1952	110'0" Crane Barge	Goose Lake	241
12	209	1952	110'0" Crane Barge	Gander Lake	241
13	210		Influence Type Minesweeper "McB 164"		
14	211	1954	300 Cu.Yd. Steel Dump Scow	P.W.D. No.74	233
15	212		Ammunition Lighter		110(x)
16	213		Ammunition Lighter		110(x)
17	214	1954	Conversion of Tanker to Sea Going	Imperial Sarnia	
18	215	1955	Bucket Dredger	Derome	682
19	216	1955	400 Cu.Yd. Hopper Scow	M.I.L. No.235	288
20	217	1955	400 Cu.Yd. Hopper Scow	M.I.L. No.236	288



CONT. NO.	DATE	TYPE OF VESSEL	NAME OF SHIP	GROSS TON
218	1955	30'0" River Ferry	C. 218	10
219	1955	60'0" Sectional Scow	C. 219	33
220		15 Cu.Yd. Dipper Dredge		
221	1955	30 Ore Cars for C.N.R.		
222	1955	40 Covered Hopper Cars for C.N.R.		
223	1955	30 Express Refriger- ation Cars for C.N.R.		
224	1955	16 Covered Hopper Cars for Aluminum Co.		

NOTE: (x) = approximate tonnage.

MIDLAND SHIPYARDS, LIMITEDDISTRIBUTION OF SALARIES AND WAGES PAID - YEARS 1951 - 1954

	Year 1950		Year 1951		Year 1952		Year 1953		Year 1954		Total	%
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
New Construction	-	-	886,610	67	1,639,581	76	1,070,967	68	233,950	41	3,831,108	68
Ship Repairs			89,216	7	68,368	3	100,872	6	160,546	28	419,002	7
Miscellaneous			3,182		4,708		7,414	1	11,998	2	27,302	1
TOTAL PRODUCTIVE LABOUR	-		979,008	74%	1,712,657	79%	1,179,253	75%	406,494	71%	4,277,412	76%
OVERHEAD			342,344	26%	447,252	21%	403,390	25%	164,222	29%	1,357,208	24%
TOTAL PAYROLLS	-		1,321,352		2,159,909		1,582,643		570,716		5,634,620	



THE COLLINGWOOD SHIPYARDS LIMITED

DISTRIBUTION OF SALARIES & WAGES PAID YEARS 1950 - 1954

	<u>Year 1950</u>		<u>Year 1951</u>		<u>Year 1952</u>		<u>Year 1953</u>		<u>Year 1954</u>		<u>Total</u>	<u>%</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		
Ship Construc- tion	1,062,000	63	1,221,000	59	1,659,000	60	970,000	44	1,096,000	61	6,008,000	57
Ship Repairs	185,000	11	274,000	13	227,000	8	320,000	14	115,000	6	1,121,000	11
Miscellaneous and General Engineering	35,000	2	70,000	4	267,000	10	273,000	12	92,000	5	737,000	7
TOTAL PRODUC- TIVE LABOUR	1,282,000	76%	1,565,000	76%	2,153,000	78%	1,563,000	70%	1,303,000	72%	7,866,000	75%
Overhead	406,000	24%	498,000	24%	610,000	22%	673,000	30%	497,000	28%	2,684,000	25%
Total Payroll	1,688,000		2,063,000		2,763,000		2,236,000		1,800,000		10,550,000	



1 ---Exhibit No. 153: Document giving data on
2 Port Dalhousie Shipyards
3 Limited; The Welland Canal;
4 and Port Weller Dry Docks
5 Limited.

6 EXHIBIT NO. 153

7 MUIR BROS. DRY DOCK

Oct. 26, 1955.

8 1911 INCORPORATED AS MUIR BROS. DRY DOCK COM-
9 PANY LIMITED.

10 1953 NAME CHANGED TO PORT DALHOUSIE SHIPYARDS
11 LIMITED.

12 In 1837 one of the family, Alexander Muir first
13 came to Port Dalhousie. His memoirs name the fol-
14 lowing as the families living there:-

14 Squire Pawling
15 Jonathan Woodall
16 Richard Wood
17 Mr. Brown
18 Robert Abbey
19 Robert Alexander
20 Thomas Reid
21 Capt. Inkster
22 Robert Irvine
23 Sampson Smiley
24 Bernard McGrath
25 Mr. Nellon
26 Mr. Sullivan
27 Mr. Bruce
28 Col. Clark (then lived on east side
29 of harbour)
30 William Reid

Only two mails a week came to Port Dal-
housie. Capt. Inkster's young son, aged 12 years,
brought them from St. Catharines on horseback.

In 1839 Alexander Muir bought a lot on Queen
Street and later built a house there. It is still
standing and is now occupied by Miss Stivens.
There were no sidewalks, just paths, so he built
a board walk in front of this house, the first



1 sidewalk in Port Dalhousie.

2 In 1849-50 he began building a floating Dry
3 Dock and was joined by his brother William. Later
4 his three other brothers, Bryce, David and
5 Archibald joined. The first partnership was called
6 A. Muir and Brothers.

7 This dry dock was built on the east side
8 of Port Dalhousie harbour and was launched into
9 the water. When completed it was towed up into
10 the position now occupied by the present permanent
11 dry dock, then a pond of water. The five Muir
12 Brothers gradually filled this pond with earth and
13 made the present shipyard.

14 In 1853 they began building their first
15 ship, while they were operating the floating Dry
16 Dock. She was launched on the 3rd of March 1855
17 and was called the "AYR" after the shire in Scot-
18 land where the family came from. She was launched
19 sideways as then, the shipyard was only a narrow
20 piece of land along the foot of the high bank.
21 The Floating Dry Dock operated until the present
22 permanent Dry Dock was built about 1863.

23 On December 5th 1866 Mr. Martindale was
24 appointed, or about to be appointed, Postmaster.
25 Muir Bros. went bond for him for \$1,200.00 as was
26 required by the government to establish a Post
27 Office in Port Dalhousie.

28 After building the "AYR" they, for a num-
29 ber of years, built a ship every year, owned them
30



1 and operated them. They sent several of their
2 ships with cargoes to Scotland, England and Ire-
3 land, bringing cargoes back.

4 The industry built up Port Dalhousie, employ-
5 ing families who lived in the village and who
6 bought and owned their homes and supported schools
7 and churches. Many ships came for repairs.

8 In 1880 the steamer "COMPANIA" built in
9 Glasgow came to Canada. To come up the lower
10 canals she had to be cut in two and she came to
11 Muir Bros. Dry Dock and there the halves were join-
12 ed together for her to operate on the Great Lakes.

13 Six or seven lake ships came to the Dry Dock
14 and were lengthened forty feet about this date, as
15 the new canal could take longer ships.

16 Muir Bros. Dry Dock has survived every other
17 Dry Dock in existence. It was built in 1850 so
18 it is the oldest Dry Dock with a continuous exist-
19 ence on the Great Lakes. It also has survived
20 other industries started in Port Dalhousie during
21 the many years of its existence, including another
22 Dry Dock which failed and was instrumental in fin-
23 ancially crippling Squire Pawling who had backed
24 it.

25 The land on which the Village now stands
26 was originally Squire Pawling's farm. The area,
27 now the residence and grounds of William C. Muir,
28 was a wheat field when his father William Muir
29 purchased it in 1858.
30



In the late 1920's the old Muir ^{Dry}Dock, still controlled by the Muir family, was retooled for the repair and construction of steel ships. Mr. Charles A. Ansell was the Manager. Many ships were converted and repaired for use in World War II on the order of the Controller of Ship Repairs and Salvage, when the Yard worked around the clock.

Down through the years a number of steel vessels have been built and commissioned.

In 1946 Mr. Ansell left the Muir Dry Dock and organized the large plant now known as Port Weller Dry Docks Limited and the Muir family interests passed into other hands.

In 1954 the newly organized Port Weller Dry Docks acquired all the shares of the old Muir Dry Dock, (renamed Port Dalhousie Shipyards Limited in 1953), and the two organizations are now being operated as one production unit.

Country	Age group	Gender	Study	Results
Germany	18-24	Male	Study 1	High
Germany	25-34	Female	Study 2	Low
Germany	35-44	Male	Study 3	Medium
Germany	45-54	Female	Study 4	High
Germany	55-64	Male	Study 5	Low
Germany	65-74	Female	Study 6	Medium
Germany	75-84	Male	Study 7	High
Germany	85-94	Female	Study 8	Low
Germany	95-104	Male	Study 9	Medium
Germany	105-114	Female	Study 10	High

THE WELLAND CANAL, CANADA.

In January 1824, the legislature of Upper Canada incorporated a company to be known as "The Welland Canal Co.", with a capital of forty thousand pounds, divided into shares of 12 pounds 2 shillings each. Stock was sold in Canada and in England, among the first Canadian shareholders were Bishop Strachan, J.B. Robinson, Sir Peregrine Maitland, Lord Dalhousie, in England the Duke of Wellington, Lord Beresford, and other notables bought stock. The British Government gave a grant of 16,000 pounds. Financial difficulties naturally confronted the promoters, but with persistent courage and some assistance from the legislature the enterprise was carried through.

The original canal was opened for shipping on November 27th, 1829. It connected Lake Ontario with Lake Erie, and overcame the fall of 325 feet in the Niagara River.

The first sod was turned by George Keefer, November 30th, 1824. William Hamilton Merritt, leader and promotor of the canal, officiated at the celebration of the opening. Two vessels entered the canal to cross to Lake Erie. The first was the "Ann and Jane" of Upper Canada, and the other, the "R. H. Broughton" of Youngstown, U.S.A.

The canal was designed to convey small craft from Lake Ontario to Port Robinson, about half-way and thence by way of the Welland and Nia-



1 gara Rivers to Lake Erie. The swift current of
2 the Niagara River forced the abandonment of the
3 original project and the canal was later extended
4 across country to Gravelly Bay, now Port Colborne,
5 in 1833.

6 The Government, becoming interested in the
7 enterprise came into possession by buying up the
8 rights of private individuals. This was accom-
9 plished after the union of Upper and Lower Canada in
10 1841. The number of locks was reduced from 40 to
11 27, while the dimensions were expanded from 110
12 to 150 feet in length and from 22 to 26 1/2 feet
13 in width and from 9 to 10 feet in depth - 1848.

14 In 1871 a plan was adopted making the locks
15 270 feet long, 45 feet wide and 12 feet deep. To
16 improve the canal further a new route was selected
17 to the east of the original line. Contracts were
18 let in 1875 and the canal was opened to 12 foot
19 navigation in 1882. At the same time the work of
20 deepening to 14 feet was in progress. Due to
21 Upper Lakes expansion and the development of the
22 larger type of vessels, and with a view to the
23 ultimate development of the Great Lakes-St. Law-
24 rence route to the sea, surveys for the present
25 route were commenced in 1908.

26 The Welland Ship Canal of the present day
27 provides a great link in the 2,200 mile waterway
28 from Fort William to the Straits of Belle Isle.
29 Twenty-five miles long, the seven lift locks
30



1 equal the work of the former 27. The total lift
2 of the canal is 326 1/2 feet. The locks are 820
3 feet long and 80 feet wide and will accommodate
4 ships of 715 feet while a portion of the canal has
5 been excavated to 30 feet. The minimum navigable
6 depth is 25 feet. Through this waterway flows
7 more traffic than through either the Suez or
8 Panama Canals. It has taken 17 years to complete,
9 at a cost of \$120,000,000.00.

10 Port Weller Dry Dock is an integral part
11 of the Welland Ship Canal providing necessary re-
12 pair facilities for all ships plying this great
13 waterway.

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PORT WELLER DRY DOCKS LIMITED

Port Weller Dry Docks Limited, incorporated under Dominion Charter in 1946, is located on the Welland Ship Canal and its plant is capable of dry-docking any ship that can navigate this great waterway.

With the growth of Canada's Lake shipping, it became necessary to create facilities in the Canal area to repair the longer type vessels now in use and to maintain up-to-date equipment for such purposes for any National emergency.

Three of the largest lake type ships have been built at Port Weller during the last four years, namely -

S.S. John E.F. Misener	654 feet long.
S.S. John O. McKellar	698 feet long.
S.S. Scott Misener	686 feet long.

the latter christened in May 1954 in the presence of Hon. C.D. Howe. Several smaller lower Canal type ships have since been built for a Canadian Shipowner - one of which is still on the stocks.

General repair and maintenance work is also undertaken.

The Plant relies about 99% on Canadian registered ships for its business. Foreign owned vessels, although constantly plying the Canals, do little or no repair work in this part of Canada, preferring to wait until they return to their own land, where wage scales are only about 35% of those paid Canadian workmen in Great Lakes Yards.



1 The availability of facilities offered at
2 Port Weller is most essential for National Defence.

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1 ---EXHIBIT NO. 154: Brief submitted by the Hamilton
2 Chamber of Commerce to the
3 Royal Commission on Coasting
4 Trade, dated Oct. 28, 1955.
5

6 EXHIBIT NO. 154

7 J.H. Moore
8 General Manager

J.G. Saunders
Administrative Secre-
tary and Manager
Transportation De-
partment.

10 THE HAMILTON CHAMBER OF COMMERCE

11 HAMILTON, CANADA

12 June 27th, 1955.

13 Mr. G.G. McLeod,
14 Secretary,
15 Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

16 Dear Sir:

17 With reference to the establishment of the
18 Royal Commission on Coasting Trade of Canada pur-
19 suant to Order-in-Council P.C. 1955-308, March 1st,
20 1955, and its terms of reference to enquire into and
21 report on all questions within the jurisdiction of
22 Parliament on the coasting trade of Canada, arising
23 out of the transportation by water, or by land and
24 water, of goods and passengers from one place in
25 Canada to another place in Canada including the
26 Great Lakes as referred to in the said Order-in-
27 Council, we would respectfully submit that the
28 City of Hamilton, Ontario, which is the fifth City
29 in the Dominion of Canada, with a population of
30



1 some 230,000, with some five hundred and thirty
2 industries representing the greatest diversity of
3 manufactured products in any single city in Canada,
4 and with possibly the most highly industrialized
5 economy of any city in Canada, warrants every con-
6 sideration in regard to the Port of Hamilton, par-
7 ticularly in the St. Lawrence Deep Waterways scheme.

8 The tonnage in and out of the Port of Hamil-
9 ton is only exceeded in Canada by those of Montreal
10 and Vancouver and the Hamilton Harbour Commissioners
11 have kept pace with the rapidly growing Port by
12 arranging for the expansion of dock facilities, cargo
13 handling equipment and warehouses, both for the
14 present and for the foreseeable future.

15 It is the opinion of the Hamilton Chamber of
16 Commerce that Part II of the Transport Act, 1938,
17 "Transport by Water", Section 12, should be maintained
18 with the exception that subsection 4(b) which pre-
19 sently reads "and the Gulf and River St. Lawrence
20 east of the western point of the Island of Orleans,
21 etc.," should be changed to read "and the Gulf and
22 River St. Lawrence east of the Anticosti Island,
23 etc."

24 Under the present Commonwealth Agreement
25 steamships of British Registry have been engaged
26 in providing efficient service, at reasonable rates,
27 between Great Lakes Ports and the Maritime Pro-
28 vinces, including Newfoundland. These services
29 have been the means of Canadian industry being able
30



1 to participate in business to these provinces. We
2 would respectfully ask the Royal Commission not to
3 disturb anything that will eliminate this competitive
4 situation and restrict the operation of these steam-
5 ship services which have pioneered this trade.

6 Transportation costs today are becoming more
7 and more an important factor in the marketing of
8 goods and we feel any restrictions upon the present
9 trade operations to Newfoundland and the Maritimes
10 will seriously affect the marketing of goods from
11 the Port of Hamilton and district.

12 We would, therefore, ask that you kindly give
13 the above every consideration in your deliberations
14 on the Coasting Trade of Canada.

15 All of which is respectfully submitted.

16 Faithfully yours,

17 "J. G. Saunders"

18 General Secretary and Manager,
19 Transportation Department.
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1 THE HAMILTON CHAMBER OF COMMERCE

2 PORT OF HAMILTON3
4 October 28th, 1955

5 The Port of Hamilton, Ontario, because of its
6 natural harbour, its established port facilities and
7 its location at the heart of a densely populated and
8 rapidly growing area will develop steadily as a great
9 trading and distribution centre, as well as an in-
10 dustrial centre.

11 The total tonnage being handled in Hamilton
12 Harbour now is exceeded only at the Ports of Montreal
13 and Vancouver. The total tonnage for the year 1954
14 in and out of Hamilton amounted to 5,640,180 tons.
15 There was an increase of 11,000 tons in package
16 freight and 3,284 tons in automobile freight. In
17 1929 the tonnage was around 1,000,000 tons; in 1935
18 the tonnage approached the 2,000,000 mark; from 1940
19 to 1947 the tonnage hovered in the 3,000,000 ton
20 range and, with the exception of the year 1949, the
21 tonnage increased until in 1953 the peak load was
22 7,099,026.

23 Ottawa has already authorized extension of
24 the Wellington Street dock and terminal buildings
25 at an estimated cost of two million dollars. Per-
26 mission has been sought at Ottawa to go ahead with
27 plans for another terminal at Ship Street, near the
28 International Harvester Company's plant, and a slip
29 at Strathearne Avenue to serve the rapidly growing
30



1 Parkdale industrial area. The Strathearne Avenue
2 project would involve the dredging of a channel and
3 turning basin which will be required as heavy indus-
4 try moves eastward. Ottawa may be pressed to
5 authorize the construction of a drydock here. In
6 addition to the heavy traffic in freight and ore
7 boats, Hamilton Harbour has seen an increase in the
8 movement of naval vessels since this city became
9 headquarters of the Royal Canadian Naval Reserve.
10 The Wellington Street dock extension will provide
11 protected berths for naval vessels. Provision is
12 being made for a terminal building about 120 by 600
13 feet in size. The Ship Street dock would enclose
14 about 18 acres, providing ample space for a terminal
15 warehouse there when one is required. The slip at
16 the foot of Strathearne Avenue would be about 200
17 feet wide and 1,200 feet long, with about 70 feet
18 of land on each side on which warehouses might be
19 built. Because most ocean freighters are shorter
20 and higher than the average lake vessel, some con-
21 sideration may have to be given to raising the height
22 of the Wellington Street dock.

23
24 Double tracks and cranes designed for hand-
25 ling cargoes from the ocean-going freighters will be
26 installed. The ocean-going ships that have been
27 coming into this port are about 14 foot draft, about
28 240 feet in length and carry from 2,000 to 2,500
29 tons. Hamilton Harbour easily handles the biggest
30 freighters on the Great Lakes. Some of them carry



1 21,000 tons and draw 19 to 21 feet of water. The
2 harbour's depth is 26 feet. The waterway will be
3 27 feet deep, permitting vessels drawing about 25
4 feet to use it. It is understood that the average
5 freighter using New York Harbour carries 8,000 to
6 10,000 tons. The ocean-going freighter is built more
7 sturdily than the lake boats. Its engines are in
8 the centre, restricting cargo space. Engines of
9 lake freighters are near the stern, leaving the most
10 of the hold clear for cargo. The average ocean
11 freighter of 8,000 tons, even with a deeper keel,
12 could use our port facilities just as easily as the
13 big ore carriers that come in here. In that case,
14 this port - if more terminals and warehouses were
15 available - could dock them if the seaway became a
16 fact tomorrow.

17
18 The list of docks is imposing: Catherine
19 Street; Wellington Street; Emerald Street; Canada
20 Steamship Lines (both sides); International Harves-
21 ter; Steel Company of Canada; The Hamilton By-Product
22 Coke Company, Canadian Industries Limited; Dominion
23 Foundries and Steel Limited. The Hamilton Harbour
24 Commissioners' docks total 12,000 lineal feet; the
25 private docks, 21,000, making a total of more than
26 six miles of docks. Trucks and railway cars dis-
27 tribute freight to Guelph, Kitchener, Waterloo,
28 Galt, London, Brantford, Simcoe, Grimsby, Bea_ms-
29 ville, St. Catharines, Burlington and Oakville. Fif-
30 teen foreign steamship lines use this port. A



1 total of 1,296 vessels entered or left the port dur-
2 ing 1954. Foreign cargoes totalled 589. It is not
3 expected that the existing type of large ocean
4 freighter will come far inland because they could
5 not operate economically if they had to call on
6 several ports for shipments.

7 Hamilton has five miles of modern dockage to
8 accommodate the largest vessels. Six modern and
9 well-equipped warehouses with 110,000 square feet
10 of floor space. The best equipped Marine Railway on
11 the Great Lakes. Hamilton's strategic position
12 brings the largest Great Lakes vessels and overseas
13 ships to the heart of Canada's richest commercial
14 and industrial area. Waterfront property available
15 for industrial sites with excellent dockage and rail-
16 way sidings. 51 Shipping Companies using the Port,
17 of which 18 are overseas lines.

18
19 "J.G. Saunders"

20 General Secretary.
21
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SHIPPING LINES USING THE PORT OF HAMILTONCANADIAN SHIPPING COMPANIES:

1. Colonial S.S. Ltd., West Street, Port Colborne, Ontario.
2. Lakeland Tankers Limited, 36 Church Street, Toronto, Ontario.
3. Imperial Oil Limited, 56 Church Street, Toronto, Ontario.
4. McColl Frontenac Oil Co. Ltd., -
Texaco Chief) 10200 Notre Dame St. E.,
Texaco Warrior) Montreal.
Texaco Brave)
5. Mohawk Navigation Co. Ltd., 635 Common Street, Montreal, Que.
6. Hall Corporation of Canada, 637 Common Street, Montreal, Que.
7. National Sand and Material Co. Ltd., 402 Harbour Bldg., Toronto, Ont.
8. Keystone Transports Ltd., 435 St. Patrick St., Ville La Salle, Que.
9. Gayport Shipping Limited, 42 Adelaide St. E., Toronto, Ont.
10. Shell Canadian Tankers Limited, 25 Adelaide St. E., Toronto, Ont.
11. Transit Tankers Limited, 31 St. James Street West, Montreal, Que.
12. Beaconsfield S.S. Ltd., 635 Common Street, Montreal, Que.
13. Branch Lines Ltd., Marine Industries Ltd., Sorel, Que.
14. Bayswater Shipping Limited, Brockville, Ont.
15. N.M. Paterson & Son S.S. Ltd., Fort William, Ont.
16. Upper Lakes & St. Lawrence Transportation Co. Ltd., 417 Queen Quay West, Toronto, Ont.
17. Cadwell Marine Co. Ltd., 602 Erie Avenue, Niagara Falls, Ontario.
18. Canada Steamship Lines Ltd., P.O. Box 100, Montreal, Que.
19. Canadian Oil Companies Limited, 204 Richmond St. W., Toronto, Ont.
20. Hamilton Shipping Co. Ltd., P.O. Box 211, Hamilton, Ont.
21. Newfoundland Great Lakes S.S. Ltd., 501 Terminal Whse. Bldg., Toronto.
22. Inland Lines Ltd., 635 Common Street, Montreal, Que.
23. Valley Camp Coal Co. Ltd., 200 Bay Street, Toronto, Ont.
24. Leitch Transport Limited, 417 Queen's Quay West, Toronto, Ont.
25. Coal Carriers Corporation Ltd., P.O. Box 157, Brockville, Ont.

AMERICAN SHIPPING COMPANIES:

1. Columbia Transportation Ltd., Oglebay, Norton & Co., 1200 Hanna Bldg., Cleveland.
2. Cleveland Tankers Inc., Standard Bldg., Cleveland 13, Ohio.
3. Rockport Shipping Co., Sheboygan, Wisconsin.
4. Gartland S.S. Company, 208 South LaSalle Street, Chicago, Ill.
5. J.A. Paisley S.S. Co., 603 Western Reserve Bldg., Cleveland 13, Ohio
6. American S.S. Co., Boland & Cornelius, Marine Trust Bldg., Buffalo, N.Y.
7. Reiss S.S. Co., Sheboygan, Wisconsin.
8. Morrow, S.S. Company, 603 Western Reserve Bldg., Cleveland 13, Ohio,

FOREIGN SHIPPING COMPANIES:

1. Fjell Line (Baltic Ports) Canadian Overseas Shipping, Terminal Whse Bldg., Toronto.
2. Ahlmann Transcaribbean Line (South American) Nfld.-Gr. Lakes S.S. Co.
3. Metron Shipping Co. (European Ports), Ft. Wellington St. N., Hamilton.
4. Constantine Canadian Services (Nfld.)) A.O. Minshall Co.Ltd.,
5. Fabre Line (France &) Royal Bank Bldg.,
Mediterranean) Toronto, &
6. Swedish Chicago (Baltic) Harbour Administration
Ports) Bldg., Hamilton, Ont.
7. Saguenay Line (U.K. &)
European Ports))
8. London Line (U.L.Ports))
9. Hamburg-Chicago (European Ports)) March Shipping Agency,
10. Hamburg-American (German) 85 King St. East,
& European Ports)) Toronto, Ont.
11. North German Lloyd)
(German))
12. Manchester Lines (U.K.)) Furness Withy & Co.
13. Swedish American (Baltic) Ltd.,
Ports)) 200 Bay St.,
14. French Line (France)) Toronto, Ont.
15. Oranje Line (European)) Cottrell S.S. Agency
16. Niagara Line (Mediterranean Ports)) Ltd., 200 Forest
Ave., Hamilton, Ont.
17. Capo Line (Italian Ports), Montreal Shipping Ltd., Toronto, Ont.
18. Ellerman Line (Mediterranean Ports), McLean Kennedy Ltd., Toronto, Ont.
19. Fin Lake Line (Baltic Ports) Robt. Reford Co. Ltd., Toronto, Ont.
20. Wallenius Line - Kerr Steamships Ltd., Toronto



1 ---EXHIBIT NO. 155: Submission of the Toronto
2 Harbour Commissioners.

3
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5
6 EXHIBIT NO. 155

7 Submission of

8 The Toronto Harbour Commissioners

9 to

10 The Royal Commission on Coasting Trade

11
12 Mr. Chairman and Commissioners:

13 In requesting an opportunity of making a sub-
14 mission to The Royal Commission on Canada's Coasting
15 Trade at this time, The Toronto Harbour Commissioners
16 wish to point out that it is not within their com-
17 petence to comment upon the problems of the Canadian
18 Shipbuilding Industry or upon the operation of ships
19 in the Canadian Coasting Trade. However, while
20 experts in these fields have appeared before the
21 Royal Commission, it would appear that no formal
22 presentation has been made by Port Administrations,
23 nor specifically on behalf of the commerce and in-
24 dustry served by the Port of Toronto. This sub-
25 mission will, therefore, present certain pertinent
26 facts concerning Toronto Harbour and the main area
27 it serves.

28 An essential function of a port is to pro-
29 vide the facilities to handle the two-way movement
30



1 of cargoes by ships, which still provide the cheapest
2 form of transportation. A port is concerned with
3 both the lowest cost and most efficient handling of
4 cargoes from shipper to consignee. Any breakdown
5 or abnormally high charge in the many stages and
6 services involved adversely affects the business and
7 commerce of the area served. Transportation costs
8 in many instances make the difference between produc-
9 tion and unemployment. A port is rendering its
10 maximum service when it is stimulating business and
11 reducing the cost of living, while maintaining a
12 stable financial position.

13 AREA SERVED BY PORT

14 The Port of Toronto serves a rapidly expanding
15 area with a wide diversity of manufacturing; a major
16 distributing centre of Canada; a large consumer mar-
17 ket, and a leading financial centre. The Toronto
18 Industrial Commission reports that 44% of the total
19 purchasing power in Canada is concentrated in the
20 Province of Ontario and 33-1/3% within a 100 mile
21 radius of Toronto.

22 While the Port of Toronto serves not only
23 the Metropolitan Toronto Area but a large hinter-
24 land, a few statistics with regard to the Metro-
25 politan Toronto Area will indicate the important
26 role which this area plays in the Canadian economy.

27 DEVELOPMENT OF METROPOLITAN AREA

28 The Metropolitan Toronto Area, comprising
29 240 square miles, has experienced rapid development
30



1 in recent years. The City Planning Board in its 1943
2 Report estimated that the population of Metropolitan
3 Toronto would be 1,500,000 in 1974. In 1944 it was
4 924,754 (A). By 1954 the population had increased
5 to 1,251,840 (A). More than 50% of the estimated in-
6 crease has taken place in 1/3 of the period. This
7 increase shows a general annual upward trend reach-
8 ing 79,284 last year.

9 Building permits issued in the Metropolitan
10 Area from July 1954 to June 1955 were for construc-
11 tion estimated at \$329,000,000 (B), being 20% of the
12 total for Canada. Construction contracts were
13 awarded from July 1954 to June 1955 (C) to a value
14 of \$455,000,000 being 18% of the Canadian total.
15 Housing units completed in the period July 1954 to
16 June 1955 were 19,917 (D), 18% of the Canadian
17 total.

18 MANUFACTURING AND DISTRIBUTION

19 The Dominion Bureau of Statistics reports
20 the following with respect to Manufacturing and
21 Distribution in the Greater Toronto Area, the latest
22 available:-
23
24

-
- 25
26 (A) "ANNUAL REPORT of the Commissioner of Finance
27 (1954) for the Municipality of Metropolitan
28 Toronto."
29 (B) "Canadian Statistical Review" Aug.1955, pp 44-45.
30 (C) "MacLeans Building Guide" (Monthly).
(D) "New Residential Construction" (Monthly).
(E) "General Review of the Manufacturing Industries
of Canada 1952" p.126.

Manufacturing (E), (1952)

Establishments	4,584
Employees	196,751
Salaries and Wages	\$ \$590,274,862
Cost of Fuel and Electricity	\$ \$ 25,521,719
Cost of materials	\$1,248,197,084
Selling Value of Factory Shipments	\$2,414,796,814

Distribution (F)

Retail Trade Sales	\$1,244,003,000
--------------------	-----------------

Canadian imports for 1953 (G) were

\$4,383,000,000 of which \$709,000,000 represented imports into this area - 16% of the total.

The 1954 Report of the Toronto Industrial Commission shows the growth of the industrial developments which that Commission has assisted in establishing since it began operations in 1929. The Report states in part on Page 9:

	<u>1944</u>	<u>CUMULATIVE</u> <u>1954</u>
Capital invested in plant and equipment	\$24,568,900	\$244,454,700
Employment - number of employees	13,232	35,817
Annual payroll (estimated)	\$17,201,600	\$111,032,000

"In addition to the 'direct' employment given
"35,817 persons by these industries, the purchases of a wide variety of materials and
"services by the companies and their employees have been estimated to create employment for about 36,000 additional persons."

Continual expansion is indicated. The Commission recently announced that 41% of all new industries established in Canada in the past three years have chosen the Metropolitan Toronto Area in



1 which to settle.

2 A further example of the expanding business
3 transacted in the Metropolitan Toronto Area is shown
4 by the number of cheques cashed. In 1949, these
5 totalled \$24,712,386,000 and in 1954, \$50,646,605,000
6 (H). In the first six months of 1955, they represen-
7 ted a total of \$26,753,860,000 (J) - 75% of the total
8 for Ontario and 34% of the total for Canada. Volume
9 32, No. 7 of the Dominion Bureau of Statistics shows
10 a total of \$14,222,090,000 in cheques cashed against
11 individual accounts at the Clearing House centres
12 in Canada for July 1955, of which \$4,731,073,000 were
13 cashed in Toronto.

14 "Taxation Statistics 1954", Table 4, relating
15 to the tax year 1952, shows that 19% of the indivi-
16 dual income taxes payable in Canada came from Metro-
17 politan Toronto. The total income declared that year
18 for this area was \$1,619,000,000 of which \$1,332,000,000
19 represented salaries and wages.

20
21 TORONTO A TRADING CENTRE

22 Toronto has always been a trading centre.
23 In 1750, the French established a fortified trading
24 post at a site which is now within the Canadian

25 (F) "Census 1951" Volume 7, Table. 2.

26 (G) "Trade of Canada 1953" Vol. 1, pp 58-59. Toronto
figures include Toronto West.

27 (H) "Business Year Book, 1955" published by The
Financial Post.

28 (J) "Cheques cashed in Clearing Centres" monthly.
Volume 32, No. 6 Dominion Bureau of Statistics.



1 National Exhibition grounds. A report made to Lord
2 Dorchester in 1788 described the harbour as "capacious
3 and well sheltered" and as a result the District of
4 Toronto was laid out in a row of eleven townships.
5 Toronto, since its early days, has traded nationally
6 and internationally in consistently seeking sources
7 of supplies and outlets for its products and has not
8 confined its trading exclusively to the immediate
9 neighborhood.

10 PORT OF TORONTO

11 The Port serving this area is under the man-
12 agement and control of The Toronto Harbour Commission-
13 ers, who were incorporated by an Act of the Parlia-
14 ment of Canada passed in 1911, 1-2 George V, Chap.26,
15 for the purpose of providing for the administration
16 and development of the harbour area. Three Commis-
17 sioners are appointed by the City of Toronto, one by
18 the Government of Canada and the fifth by the Govern-
19 ment of Canada on the nomination of the Toronto
20 Board of Trade. The Commissioners serve without
21 remuneration. The Act also provides for payment of
22 surplus from operations to the City of Toronto.
23 The City guarantees any bonded indebtedness of the
24 Commissioners.

25 DEVELOPMENT OF PORT

26 Nearly \$50,000,000 has been spent since the
27 passing of the Act in 1911. 1250 acres of land
28 have been reclaimed; 11 miles of dockage construc-
29 ted; approximately 182 acres of land dedicated
30



1 for streets, 101 acres set aside for park development
2 and 34 miles of railway trackage have been built.
3 As of this date, the outstanding bonded indebtedness
4 of the Commissioners is \$8,425,000.

5 During the period of the present form of Com-
6 mission management, assessment of occupied harbour
7 lands has increased from \$1,976,804 in 1912 to
8 \$67,635,198 in 1954, and municipal taxes paid from
9 \$36,570 in 1913 to \$3,000,000 in 1955. The tonnage
10 passing over the docks has increased from 343,608
11 in 1912 to 4,784,937 in 1954.

12 Last year the tonnage that entered the Port
13 was 3,613,889, of which 1,353,815 tons came from
14 Canadian Ports, 2,189,918 tons from United States
15 Ports and 70,156 tons from 59 overseas Ports in 18
16 different countries. The tonnage leaving the Port
17 was 1,171,048 of which 1,092,196 tons went to Canad-
18 ian Ports, 26,689 tons to United States Ports and
19 52,163 tons to 44 overseas Ports in 18 different
20 countries.

21 PRESENT FINANCIAL POSITION AND CONTINUING DEVELOP-
22 MENT.

23 Since 1951 the Commissioners have not re-
24 quired any financial assistance from the City of
25 Toronto towards the serial retirement of their
26 bonds. In 1954 the operating revenues of The
27 Toronto Harbour Commissioners were \$1,783,293 and
28 this amount was sufficient to pay the operating
29 expenses, bond interest and maturity requirements
30



1 for that year - the latter two totalling \$1,101,418.75.
2 Therefore, last year it was possible to apply the
3 then available capital moneys from land sales to the
4 construction of a new direct overseas terminal with-
5 out any increase in the bonded indebtedness. This
6 terminal was built, not only for the fast increasing
7 direct overseas package freight business but also for
8 the accommodation of the type of ship and cargo ex-
9 pected after the completion of the new St. Lawrence
10 Canal System.

11
12 The Government of Canada has under construc-
13 tion a new dock wall, 3300 feet in length which will
14 complete the reclamation of one million additional
15 square feet of waterfront property by the Commis-
16 sioners. This area represents the next step in the
17 development programme for the post-seaway period.

18 DEVELOPMENT PROGRAMME

19 Toronto Harbour development falls into the
20 following stages:

- 21 (1) Planning of future dockage location or re-
22 designing of existing dockage.
- 23 (2) Construction of new or redesigned docks.
- 24 (3) Preparation of plans for facilities required
25 on new dockage while (2) in progress.
- 26 (4) Construction of new facilities as trade re-
27 quires.
- 28 (5) Operation of new facilities.

29 All phases have been under way at the Port
30 of Toronto this year. New Marine Terminal No. 11



1 is in operation and the additional dockage being con-
2 structed by the Government is almost completed. Plans
3 for additional facilities (terminals) are being
4 finalized and the next step in dock development is
5 under study.

6 While Toronto has been a lake port, planning
7 and development have been undertaken with full con-
8 sideration for the post-seaway period. Dock construc-
9 tion throughout practically the entire harbour has
10 been for an eventual 27 to 30 foot draught.

11 A Trade Development Department was established
12 by the Commissioners at the beginning of this year.
13 This Department is now fulfilling one of its functions
14 of contacting commerce and industry to ascertain the
15 future facilities which will be needed in the Port
16 and the trade that can reasonably be anticipated.

17 NEW ST. LAWRENCE CANAL SYSTEM

18 A substantial increase in waterborne trade is
19 expected from three different sources:

- 20 (1) Direct overseas shipments - import and export.
21 (2) Transshipment to Great Lakes Ports, - parti-
22 cularly to shallower draught ports and those with-
23 out a sufficient trade volume to warrant the use
24 of large ocean vessels. A substantial increase in
25 the package freight business to the head of the
26 Lakes and Western Canada is also envisaged.
27 (3) Coasting trade with the four Atlantic Pro-
28 vinces.
29

30 Regular trade with Newfoundland from the



1 Port of Toronto has been in existence since 1948, and
2 had increased to 22,010 tons last year even though
3 restricted by the present St. Lawrence Canals. No
4 goods move by water from the other Maritime Provinces
5 directly to this large consumer market.

6 It is one of the objectives of the Commission-
7 ers that a mutually beneficial trade be developed
8 between the four Atlantic Provinces and this area
9 after the new canals are completed, and this is one
10 aspect of the work of the Trade Development Depart-
11 ment. A suggestion of a mutual study of the possi-
12 bilities has already been made.

13 It is anticipated that cheaper water trans-
14 portation will follow the opening of the new St.
15 Lawrence Canals and this is expected to result in
16 further manufacturing and industrial expansion, in-
17 creased employment and have a beneficial effect on
18 the consuming public.

19 The presentation of information concerning
20 the Greater Toronto Area, with the importance to
21 this area of cheap water transportation, the invest-
22 ment of the citizens of Toronto in their harbour,
23 and the preparations under way for expanding water-
24 borne business has been made with full awareness
25 that the problem of the future of the Coasting
26 Trade of Canada is a very complex one that can
27 have a bearing on the economic welfare of all
28 Canadians.

29 It is our opinion that while this Metro-
30



1 politan Area makes an important contribution to the
2 economy of Canada, any factor that has an effect
3 on the Canadian economy as a whole will affect this
4 area and its Port.
5

6 It is on this basis that this submission is
7 respectfully made.
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1
2 ---EXHIBIT NO. 158: Information from Maclean's
3 Building Guide (monthly)
4
5

6 EXHIBIT NO. 158

7 MACLEAN BUILDING GUIDE

8 October 18, 1955

9 E.C. Hopkins,
10 Assistant Director,
11 Trade Development,
12 The Toronto Harbour Commissioners,
Administration Building,
60 Harbour Street,
TORONTO, Ont.

13 Dear Mr. Hopkins:

14 We are pleased to co-operate and supply you
15 with the statistical data as requested in your letter
16 of the 14th and our subsequent phone conversation.

17 Tabled below are cumulative construction con-
18 tract award totals for Metropolitan Toronto, Ontario
19 and Canada, which relate to the period from July,
20 1954 to June, 1955. All figures are based on infor-
21 mation collected by the MacLean Building Reports
22 Division of Hugh C. MacLean Publications.

23
24 Total T 455,265,000 O 1,099,935,600 C 2,532,384,600
O N A
25 Res. R 297,192,300 T 531,178,000 N 1,072,479,000
O A A
26 Bus. N 107,850,400 R 293,056,100 D 726,915,900
T I A
27 Ind. O 26,398,600 O 64,430,800 203,038,000
28 Engr. 28,823,700 211,270,700 529,951,700

29 I trust that this will be satisfactory. If
30 we can be of further help to you in any way, we



1 will be pleased to hear from you.
2

3 Sincerely,

4 MACLEAN BUILDING GUIDE

5 "Ian M. Duncan"

6 Editor.
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1 ---EXHIBIT NO. 161: Submission of the Canadian
2 Federation of Agriculture
3 dated Toronto, October 31,
4 1955.

5
6 EXHIBIT NO. 161

7 SUBMISSION TO THE

8 ROYAL COMMISSION ON COASTING TRADE -

9 BY THE

10 CANADIAN FEDERATION OF AGRICULTURE

11 TORONTO - OCTOBER 31, 1955.

12 1. The Canadian Federation of Agriculture appre-
13 ciates being granted this opportunity of appearing
14 before you.

15 2. The terms of reference of this Commission are
16 of particular interest to the members of the Canadian
17 Federation of Agriculture for several reasons.

18 3. In the first place as farmers we are particu-
19 larly interested in all measures to reduce the cost
20 of distribution of our products from the farm to the
21 ultimate consumer, either in Canada or overseas. Trans-
22 portation is one of the important costs and we are
23 anxious to see that Canadians reap the full poten-
24 tial transportation benefits which the opening of
25 the St. Lawrence Seaway will provide.

26 4. In the second place we look upon the United
27 Kingdom as a valuable export market for many pro-
28 ducts. We are therefore interested in the balance
29 of payments position of the United Kingdom. The
30 immediate and long run impact of special restrictions



1 on coastal trade and shipbuilding, advocated by some
2 groups, are important considerations with respect to
3 the United Kingdom's balance of trade with Canada.
4

5 5. Thirdly we are interested in a steadily expand-
6 ing economy in Canada with as little instability as
7 possible. We believe that a policy of confining the
8 coastal shipping trade to Canadian registered and
9 Canadian built ships will ultimately result in widely
10 fluctuating activity in the shipbuilding industry and
11 among suppliers of special materials and equipment
12 for the industry.

13 6. Before beginning our detailed analysis of the
14 position of the coastal shipping situation, may we
15 add a brief word about the Canadian Federation of
16 Agrifulture. The CFA is a federation of direct mem-
17 bership farm organizations, and farmer-owned co-opera-
18 tive enterprises, from every province of Canada with
19 the exception of Newfoundland. These organizations
20 are joined together in the CFA largely through member-
21 ship in provincial and regional Federations of Agri-
22 culture. There is no Quebec Federation of Agricul-
23 ture, the major farmer organizations in that pro-
24 vince being affiliated directly to the National body.
25 Also, a number of national organizations hold direct
26 membership in the CFA. In all, the Canadian Federa-
27 tion of Agriculture represents some 450,000 heads
28 of farm families in this country.

29 I. ISSUES BEFORE THE COMMISSION

30 7. To date the Commission has heard the voices



1 of many organizations and firms having a special in-
2 terest in the coasting trade and shipbuilding indus-
3 try. Specifically the shipbuilders have claimed that
4 due to the pressure of British and foreign competi-
5 tion their yards are in jeopardy, and that with the
6 opening of the St. Lawrence Seaway this competition
7 will be intensified particularly for the Great Lakes
8 shipbuilders. They are asking exclusive rights for
9 the building of ships to be used in the coasting
10 trade. The shipowners specializing in the coasting
11 trade, particularly, within the Great Lakes, claim
12 that with the opening of the Seaway British shipping
13 will drive them completely out of business unless the
14 St. Lawrence River and the Great Lakes coasting trade
15 is reserved solely for Canadian ships. Other groups
16 have come forward to support these points of view
17 and all of them have added the powerful plea of the
18 national necessity of maintaining a strong and
19 vigorous shipbuilding and shipping industry as a
20 vital measure of defence.

22 8. On the other hand, other groups have come for-
23 ward opposing any suggestion that British ships
24 should be prevented from engaging in our coastal
25 trade. These groups have pointed out that the re-
26 duction of competition in the coastal shipping
27 trade would result in higher freight rates which
28 would be damaging to their business and in some
29 cases place marginal businsses in jeopardy.

30 9. It seems to us that in attempting to come to



1 a conclusion as to what is the best policy in the long
2 run interests of Canada, it is necessary to keep
3 firmly in mind the answer to the question: "What are
4 the reasons for developing the St. Lawrence Seaway?"

5 10. The impact that the opening of the St. Lawrence
6 Seaway will have on the economic life of Canada in
7 general and the impact it will have in particular
8 on shipbuilding and coastal shipping will depend
9 largely on the degree to which the volume of traffic
10 expands along the Seaway and to the particular pattern
11 of seaway shipping which will eventually develop.

12 11. We propose to discuss in a rather general way
13 the purposes of developing the St. Lawrence Seaway
14 and the likely effects of certain shipping restric-
15 tions on the full realization of these developments.
16 We shall also discuss the probable impact the opening
17 of the Seaway will have on Canadian coastal, includ-
18 ing St. Lawrence Seaway, shipping and the shipbuilding
19 industry in Canada.
20

21 II. REASONS FOR THE DEVELOPMENT OF THE ST.
22 LAWRENCE SEAWAY

23 12. The construction and development of the St.
24 Lawrence Seaway has been undertaken jointly by
25 Canada and the United States only after many years
26 of study and research into all the economic, en-
27 gineering and defence considerations.

28 13. As the Minister responsible for piloting
29 the St. Lawrence Seaway Authority Bill through the
30 House of Commons, Mr. Chevrier most likely would



1 express the official view of the government as to its
2 reasons for developing the Seaway.

3
4 14. On December 4, 1951, Mr. Chevrier in the
5 House of Commons moved the Bill creating the Seaway
6 Authority and in a lengthy speech outlined the econ-
7 omic and defence reasons for developing the Seaway.
8 A study of his speech indicates the following three
9 official reasons for its development.

10 1. To provide a greater measure of nation-
11 al defence for the North American continent.

12 2. To provide large additional supplies
13 of relatively cheap hydro electric power.

14 3. To remove the bottleneck in the St.
15 Lawrence River between Prescott and Montreal
16 so that the linking of the Great Lakes with
17 the Atlantic Ocean may result in cheaper trans-
18 portation to and from the heart of the contin-
19 ent.

20 15. We shall not dwell on the defence reasons ex-
21 cept to say that the defence aspects of the Seaway
22 actually dovetail or overlap into the other two rea-
23 sons to a large extent. Nor shall we dwell upon
24 the hydro electric power development aspects of the
25 Seaway.

26 16. In speaking of the navigation reasons for
27 developing the Seaway, the former Minister of Trans-
28 port said:

29 "Why is the project necessary from a naviga-
30 tion standpoint? With respect to navigation,



1 "the main objective is to remove the present
2 "bottleneck in the St. Lawrence River. Remov-
3 "ing the bottleneck would save many millions of
4 "dollars a year in the cost of moving shipments
5 "that today pass its small canals or follow
6 "alternative routes to markets. This alone
7 "would be sufficient reason to construct the
8 "Seaway. Now it also promises to be the key
9 "that will unlock for the future the iron ore
10 "fields of Quebec and Labrador. It will open
11 "large new markets for these ores in the Great
12 "Lakes area, otherwise largely out of economic
13 "reach. And on the other side of the coin it
14 "will give those interior steel mills the best
15 "new source of ore at the lowest cost, a
16 "matter of serious concern at the moment."

17. Then the Minister went on to discuss the com-
petitive position of Quebec-Labrador ore and Lake
Superior ore in these words:

21 "Obviously enough, the steel mills are going
22 "to use the ore that is cheapest to them. At
23 "present that is Lake Superior ore, broadly
24 "speaking. But the delivered prices of
25 "these ores have been moving upward for many
26 "decades. I have just indicated that an even
27 "sharper upward movement is in prospect. This
28 "price increase may be limited to the amount
29 "that would cover the cost of delivering im-
30 "ported ores to the same markets."



1 18. It is very clear that if Quebec and Labrador
2 iron ore is going to be used in large quantities it
3 is going to have to compete on a landed price basis
4 with Lake Superior ore. It would be very unwise it
5 appears to us to assume that just because we have the
6 ore and the Seaway that the market will be unlimited.
7 Transportation costs of this ore from Seven Isles to
8 the upper lakes will be a vital factor in the competi-
9 tive situation. We submit that restricting coasting
10 shipping, including the Great Lakes, to Canadian
11 registered ships, and restricting Canadian-United
12 States trade to Canadian and United States ships
13 within the St. Lawrence and Great Lakes area, would
14 result in higher transportation charges than will be
15 the case if British registered ships are allowed to
16 compete. We say this because without the tempering
17 influence of some British registered ships rates
18 would tend to be established on the basis of the Uni-
19 ted States ship operating costs, which evidence shows
20 to be the highest in the world.

21
22 19. Iron ore is by no means the only produce for
23 which low cost transportation will be of great bene-
24 fit. Referring to other commodities Mr. Chevrier
25 said:

26 "I have referred to transportation economies
27 "in other fields as well as iron ore. They
28 "may attract less attention but they will
29 "be important too On the navigation
30 "side, the benefits will be most important



1 "for commodities having high transportation
2 "costs relative to value The prairies
3 "would find a substantial saving in the cost
4 "of moving grain, flour and other products to
5 "markets in Eastern Canada and overseas."

6 "Beyond this, the four maritime pro-
7 "vinces would get a new and low cost transpor-
8 "tation route to the heart of the Continent."

9 "The Seaway would bring British Columbia
10 "much closer to the centre of this Continent.
11 "For example, British Columbia lumber now
12 "moves all rail to these markets, but at Mont-
13 "real it has been delivered cheaper by the all
14 "water route through the Panama Canal. The
15 "possibility of a continued water movement
16 "without transshipment holds great promise,
17 "for the market to be reached is substantial."

18 20. It is perfectly clear that one of the great
19 potential advantages of the Seaway and one of the
20 main purposes for its development is the low cost
21 transportation that it could provide for all commo-
22 dities moving up and down this 2000 mile system. With
23 large amounts of relatively cheap hydro-electric
24 power, low cost transportation and readily accessible
25 supplies of iron ore, base metals, oil, forest and
26 farm products this 2000 miles of Canada has a great
27 future. But the full advantages from this develop-
28 ment will not be reaped unless transportation charges
29 within the region are established by effective
30



1 competition from Commonwealth ships.

2 III. FUTURE PATTERN OF SEAWAY SHIPPING.

3 21. We may admit that transportation charges from
4 Montreal to Fort William and from Fort William to
5 Montreal when the Seaway is opened might be somewhat
6 lower than at present even if British ships were not
7 allowed to compete for the trade. But we are con-
8 vinced that these charges would still be needlessly
9 higher than would be the case if British ships con-
10 tinued to be allowed to engage in the coasting trade.

11 22. As far as Newfoundland is concerned without
12 doubt there are marginal industries presently estab-
13 lished there that would lost their mainland markets
14 if they did not have the use of lower cost British
15 ships to transport their products.

16 23. Evidence has been brought forward which indi-
17 cates that the average daily cost of operating British
18 ships is considerably less than the daily cost of
19 operating Canadian ships and that it costs consider-
20 ably less to replace the British ships. Some groups
21 have used this evidence as conclusive proof that
22 when the Seaway is opened British ships will domin-
23 ate coastal shipping within it and drive Canadian
24 ships completely out of business.

25 24. We may admit that the evidence indicates a
26 significant difference in costs of operating the
27 ships but we most strongly reject the suggestion or
28 implication that these facts are proof that British
29 competition will drive down transportation rates
30



1 within the coasting trade to average British cost
2 rates and thereby drive Canadian ships from the Sea-
3 way. No argument could be more fallacious.

4 25. The extent to which, under free competition,
5 British ships capture a portion of the Canadian coas-
6 ting trade and the Canadian-United States foreign
7 trade within the St. Lawrence River and Great Lakes
8 area depends upon a number of factors - differences
9 between countries in wage rates for crew members and
10 shipyard workers being only one, and likely not the
11 most important one at that.

12 26. A list of factors, not necessarily all inclu-
13 sive, which will tend to limit the share of the ship-
14 ping obtained by British ships under free competition
15 might be listed as follows:
16

17 1. The relatively large size of Canadian
18 lake ships plying from Fort William to Montreal
19 or Seven Islands, compared with the probable
20 smaller size of deep-sea foreign or British
21 freighters which will be navigating the Seaway.

22 2. The lower speed with which deep-sea
23 British and foreign ships can navigate all
24 the locks in the entire system compared with
25 the time taken by specialized Canadian lakers.

26 3. The limitations on the length of time
27 British and foreign ships can engage in in-
28 land service within the Seaway without be-
29 ing forced to meet Canadian standards of wage
30 and other costs.



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4. The limitations on the degree to which British or foreign countries could design special ships adapted to the ore trade and the Seaway locks and yet be able to take part in deep-sea service.

5. The likelihood that many ocean ships would find it more profitable to pick up cargoes of grain at Montreal or even Seven Islands if elevators should be built there, rather than proceed empty or light to the head of the lakes to pick up a grain cargo.

6. The prospect that barges will increasingly be used in the Great Lakes to carry bulk goods and package freight.

27. As we have said, the above is not necessarily an all inclusive list of factors to be considered in attempting to estimate the likely strength of competition from British registered ships in the coastal shipping service when the Seaway is opened. But the list is inclusive enough to prove that it is a dangerous assumption to take for granted that daily operating costs per ship will alone determine the ultimate pattern of shipping as between British and Canadian or foreign and Canadian vessels.

28. We shall not attempt to discuss in detail all the above factors the resultant of which will be the ultimate shipping pattern, and which will determine the share of Seaway coastal shipping handled by Canadian and British registered ships. But



1 we may say the general opinion appears to be that the
2 inland traffic will likely be dominated by large
3 specialized bulk lake carriers.
4

5 29. A number of briefs presented to this Commis-
6 sion have quoted the Sixth Annual Report of the Canad-
7 ian Maritime Commission with respect to the differ-
8 ence in costs of operating British and Canadian regis-
9 tered ships of equal tonnage. We submit that these
10 comparisons are not valid in view of what is likely
11 to be the future shipping pattern on the Great Lakes.

12 30. Our understanding is that the depth of the new
13 St. Lawrence River locks - 27 feet - precludes the
14 possibility of large deep-sea cargo ships, or large
15 passenger - cargo ships entering the Seaway beyond
16 Montreal. The upper limit of size will likely be
17 between 9,000 and 10,000 tons and the majority will
18 be well below these limits.

19 31. However, the length of these locks will allow
20 passage of specially constructed bulk cargo lake
21 freighters of more than twice the capacity of the
22 largest ocean going freighter that will be able to
23 enter the Seaway. The much greater size and in
24 many cases greater speed of these specially built
25 lake freighters will in large measure offset any
26 advantage British registered ships may have because
27 of lower wage rates and other cost items, such as
28 lower replacement costs.

29 32. As an example of future trends in the size
30 and speed of Seaway bulk freighters we indicate



the bulk freighters under construction in Canadian yards as at March 31, 1954⁽¹⁾.

<u>Name of Owner</u>	<u>Length</u>	<u>Estimated Speed</u>	<u>Estimated dwt. carrying capa.</u>	<u>Type</u>
Hall Corp. of Canada	259 ft.	9½ knots	3,750	canal-size freighter
Hall Corp. of Canada	259 ft.	9½ knots	3,750	canal-size freighter
Canada Steamships	461 ft.	15 knots	9,380	package and grain freighter
N.M. Paterson & Son.	574 ft.	14 m.p.h.	11,800	bulk freighter
Sun Steamship Ltd.	440 ft.	13½ knots	12,400	ore carrier
Upper Lakes & St. Lawrence Transportation Co.	620 ft.	14 knots	15,730	bulk freighter
Canada Steamships	620 ft.	14 knots	16,200	bulk freighter
Colonial Steamships	684 ft.	18½ mph.	22,600	bulk freighter
Canada Steamships	715 ft.	17 m.p.h.	22,790	bulk freighter

(1) Adapted from Table 3, page 10, 7th Report, Canadian Maritime Commission.

33. Only two freighters being built at that time were of small capacity. Most of them were over 10,000 tons capacity.

34. It is all very well to produce evidence that British ships have considerably lower daily costs than Canadian registered ships of the same size. But the future pattern of shipping would appear to be one in which large size 15,000 to 20,000 ton special lake bulk cargo ships will be competing against much smaller British ships. In this case



1 it is not daily costs which must be compared but
2 costs per ton per day. On this basis of cost per ton
3 per day, even assuming that the new specially built
4 lake freighters travel at the same speed as the small
5 British ships, we believe the Canadian ships will at
6 least have an even break with British ships.
7

8 35. It may be true that the British ships will
9 have a considerable advantage over the smaller Canad-
10 ian canallers of 2500 to 3000 tons capacity. But
11 these out-of-date boats will in any case go out of
12 existence soon after they meet the full force of the
13 competition from large modern lake freighters.

14 36. Even if it could be proved that the 9,000 to
15 10,000 ton British ships coming into the Seaway to
16 engage in coastal or foreign trade for a short time
17 had costs per ton per day a little lower than the
18 large Canadian lakers, it would not necessarily prove
19 that Canadian ships would be driven from the Seaway
20 by British or even foreign ships. This is so because
21 shipping rates would tend to fluctuate around a rate
22 at which certain ships including British, foreign
23 and Canadian would consider it just worthwhile to
24 stay in the business. As there is always a wide
25 range in the efficiency of all business units, in-
26 cluding ships, there would always be many Canadian
27 ships above the margin and able to stay in business.

28 37. We believe that another important factor
29 which will be to the advantage of the Canadian
30 ships is that as they will be built particularly



1 for lake freight bulk cargoes and be permanent station-
2 ed within the St. Lawrence - Great Lakes area. Large
3 shippers of bulk commodities such as iron ore, coal
4 and pulpwood would be more likely to favour Canadian
5 fleets of ships rather than individual British or
6 foreign ships which might be in the Seaway for but a
7 short time - here today and gone tomorrow.
8

9 38. Even if it is claimed we cannot provide defi-
10 nite proof that Canadian ships will have as low
11 cost per ton per day, or per trip, as British ships
12 within the Seaway we suggest that there are strong
13 indications that this will be the case when the Sea-
14 way is opened.

15 IV. SHIPBUILDING.

16 39. It has been stated that ships can be built
17 at lower cost in British and foreign yards than they
18 can in Canada. Because of this it is claimed that
19 Canadian shipyards are in danger of extinction.

20 40. First may we point out that the competitive
21 position of the shipyards on the Pacific coast, the
22 Atlantic coast and in the St. Lawrence will not be
23 changed when the Seaway is opened. The competitive
24 position of the yards on the Great Lakes will be
25 weaker because they will lost the protection of
26 the present shallow draft St. Lawrence canals.

27 41. The Canadian shipyards obtain their business
28 from the following sources:

- 29 1. Construction of Canadian merchant
30 ships.



2. Construction of Canadian naval vessels.
3. Construction of Canadian barges and ferries.
4. Construction of miscellaneous Canadian Government ships.
5. Construction of foreign ships.
6. Repairs and reconversions of Canadian naval, merchant and government ships.
7. Repairs to British and foreign ships.

42. As long as British shipyards can build ships at considerably lower cost than Canadian yards it is not likely that Canadian yards can expect much business in the construction of standard types of merchant ships. But it would seem reasonable to expect that Canadian yards with facilities and experience for construction of specialized lake bulk cargo ships and lake oil tankers should still be able to obtain some of this business.

43. They will continue to have the Canadian government business for special purpose boats as well as contracts for barges, ferries, tugs, dredges, etc.

44. While the Canadian naval construction programme may be tapering off, yet for a long time there is likely to be a moderate building and replacement programme. This will be larger than in the past due to a larger active navy.

45. Ship repairing and maintenance, except in a very active period of shipbuilding, has usually amounted to about half the total business of



1 Canadian shipyards. With the opening of the Seaway
2 there will be a very substantial increase in the
3 tonnage carried both by lake cargo boats and in for-
4 eign ships entering the Great Lakes for foreign trade.
5 Estimates of the increase in Seaway traffic run as
6 high as 30 million tons for the first few years of
7 Seaway operation, and as much as 60 million tons 10
8 years after the opening.

9 46. It is natural that foreign ships, because of
10 national tariffs, will try and postpone their repairs
11 until they reach home ports, but in spite of this we
12 assume some repairs on these vessels will have to be
13 made in Canadian yards.

14 47. The increase in the traffic handled by Canad-
15 ian lakers will certainly result in an increase in
16 repairs and maintenance handled by Canadian yards,
17 particularly by lake shipyards which are well equip-
18 ped to handle the largest lakers.

19 48. If without restrictions being placed upon it,
20 the Seaway pattern of shipping and volume of traffic
21 develops as we anticipate it will, then we are con-
22 fident that Canadian shipyards are not due for ex-
23 tinction, even assuming that present cost differen-
24 tials between British and Canadian shipyards are
25 maintained.

26 49. The Canadian Government established the Can-
27 adian Maritime Commission in 1947. One of its
28 duties was to report on the position of the ship-
29 building and repairing industry. After weighing
30



1 carefully all the pros and cons for maintaining a
2 shipbuilding industry, including the question of
3 national defence, they reached the conclusion that a
4 safe nucleus of shipbuilding labour force would be
5 not less than 7,000 men. This is about twice the
6 number employed before World War II, and a little
7 less than half the present employment.

8 50. The lowest level of employment in the indus-
9 try in the post-war period was reached in 1950 when
10 the average monthly employment amounted to 8,530.
11 Since then it has risen sharply, partly due to the
12 naval building programme.

13 51. Since the Maritime Commission made its recom-
14 mendation of a safe nucleus of 7,000 employees in
15 the industry three important events have taken place:

16 The first is the construction of the Seaway.

17 The second is the naval building programme.

18 These two events we contend, make it unlikely that
19 employment will fall to as low as 7,000 men. In our
20 opinion the additional repair and maintenance work
21 as a result of these two events will largely offset
22 any decline in the building of merchant ships.

23 The third event is the conclusion of an
24 agreement by the NATO Powers for the control and
25 allocation of merchant vessels in time of war or
26 emergency. This agreement means that on the basis
27 of national defence alone it is not so necessary
28 that Canada, a high cost shipbuilding and ship opera-
29 ting country, should maintain a large shipbuilding
30



1 industry and fleet.

2 52. Even if the opening of the Seaway should result
3 in a great influx of British and foreign shipping into
4 the coasting trade, something which we do not admit
5 will occur, in the event of war it would be in the
6 interests of all NATO Powers that the coastal, includ-
7 ing St. Lawrence and Great Lakes areas are adequately
8 serviced with ships to carry vital war materials.

9 V. UNITED STATES EXPERIENCE

10 53. A number of references have been made to the
11 United States shipbuilding and shipping situation.
12 The impression has been left with the Commission that
13 due to enlightened United States policies - in fact
14 somewhat the same policies which are being advocated
15 for Canada by one or another of the groups appearing
16 before this Commission - the shipbuilding and shipping
17 industry in that country is in a flourishing condi-
18 tion. These policies have included subsidies to
19 foreign shipping and for shipbuilding, and restric-
20 tion of coastal shipping to American registered and
21 built ships.

22 54. After outlining the special subsidies and
23 restrictive legislation which have been in opera-
24 tion in the United States for some years, the brief
25 of the Canadian Shipbuilding and Ship Repairing
26 Association sums up the situation as follows:

27 "As a result of all these policies, in their

28 "totality, the merchant fleet owned in the

29 "United States (this figure does not include
30



1 "vessels on the Great Lakes), had a total
2 "gross registered tonnage of more than twenty-
3 "five millions, in 1953.

4 "It was, and doubtless still is much
5 "the largest of all merchant fleets: larger
6 "than the combined tonnage of the British and
7 "Norwegian merchant fleets -- the two next
8 "largest."

9
10 55. Apparently some observers in the United States
11 have a different view from this. In the March 19,
12 1955, edition of "The Economist", published in London,
13 England, appears an article in the American Survey
14 section entitled "The Decline in American Shipping",
15 We quote from this article as follows:

16 "It is the declared policy of the United States,
17 "enshrined in the shipping industry's Magna
18 "Carta -- the Merchant Marine Act of 1936 --
19 "to maintain a privately-owned and privately-
20 "operated merchant fleet, adequate for the
21 "commercial needs and the defence of the
22 "nation, however, little economic justifica-
23 "tion for it there may be. Yet in spite of
24 "subsidies and other legislative crutches,
25 "the American fourth arm of defence - fluctu-
26 "ating violently between wartime feast and
27 "peacetime famine - has again become so weak
28 "that the palliative of flag discrimination,
29 "written into an amendment to the Economic
30 "Co-operation Act in 1949, is a necessity



1 "for mere survival.

2 "In 1939, the American flag merchant
3 "fleet of tankers and dry-cargo vessels, opera-
4 "ting in both foreign and coastal trades, num-
5 "bered 1,379 ships -- or less than 15 percent
6 "of the world's tonnage. By the middle of 1946,
7 "however, owing to a large emergency ship-
8 "building programme and to foreign shipping
9 "losses, the United States had become the lead-
10 "ing maritime nation, with a merchant fleet
11 "of 4,861 ships, representing over half of the
12 "world's tonnage. But for post-war commercial
13 "operation this war-built fleet has proved
14 "both too big and ill-suited; 2,047 of these
15 "ships are now 'mothballed' in the government's
16 "reserve fleet, and another 1,500 have either
17 "been sold to foreign owners or have been
18 "transferred for operation under Panamanian,
19 "Liberian and other foreign flags. Only about
20 "one-half of the remaining tonnage -- which
21 "has again shrunk to 15 percent of world ton-
22 "nage -- is employed in foreign service, and
23 "it carries less than a third of America's
24 "foreign trade.

25 "The cause of this decline is clear:
26 "It costs roughly twice as much to build a
27 "ship in an American as in a foreign yard,
28 "and the cost of running an American flag
29 "ship, which must be manned by an American
30



1 "crew to exacting standards, is on the average,
2 "at least four times as high as the cost of
3 "operating a foreign flag ship. American sea-
4 "men's unions are strong and the shipping in-
5 "dustry can offset high wage costs by mechan-
6 "sation only to a limited extent. The willing-
7 "ness of Congress to grant to American shipping
8 "lines subsidies equal to the difference be-
9 "tween American and foreign operating and ship-
10 "building costs has provided only sporadic
11 "relief. In order to qualify for a subsidy a
12 "shipping line must accept restrictions affec-
13 "ting, among other things, its trade routes,
14 "the replacement of ships, and the size of its
15 "profits. Only 16 shipping lines, with a com-
16 "bined fleet of 281 ships, have so far been
17 "willing to accept these unpalatable conditions.
18 "On the other hand, one-half of the non-
19 "subsidised tonnage is employed in coastal
20 "traffic from which foreign shipping is com-
21 "pletely debarred, and two-thirds of the tan-
22 "ker fleet works for the major oil companies
23 "who want no truck with conditional subsi-
24 "dies."
25

26 56. In other words, of the "much largest of all
27 merchant fleets" only 40 percent of the tonnage was
28 active two years ago -- the remainder has been in-
29 active for some years and the position of the United
30 States' merchant shipping relative to world shipping



1 has fallen to the same position it held in 1939.

2 55. Referring specifically to American ship con-
3 struction the Canadian Shipbuilding and Ship Repair-
4 ing Association says:

5 "We have already noted that the volume of con-
6 struction being carried on in the shipyards
7 "of the United States is today very modest.
8 "Nevertheless, by means of the many devices
9 "which are used to bolster the shipping, and
10 "shipbuilding industries of the United States,
11 "these yards are at least assured of a certain
12 "minimum of orders, in perpetuity.

13 "The nucleus, the flexible and efficient
14 "working force which is the shipyard's essence
15 "(and indeed, *raison d'etre*) will not be scat-
16 "tered."

17 56. Again may we suggest that these views are not
18 shared by some observers in the United States. In
19 the April 16, 1955, issue of The Economist an article
20 under a New York date line discusses the shipbuilding
21 situation in the United States in an article entitled
22 "Docks Run Dry". Pertinent extracts from this ar-
23 ticle read as follows:

24 "A merchant shipbuilding industry capable of
25 "expansion to meet the wartime needs of the
26 "United States must employ continuously, in
27 "time of peace, a minimum skilled labour
28 "force of 36,000 men. To keep this employ-
29 "ed a shipbuilding programme of 60 ships a
30



1 "year, which would just about replace the pre-
2 "sent American merchant fleet over a twenty-
3 "year period, has been set as a target. But
4 "in the eighteen months to August, 1954, not
5 "a single order for an ocean-going merchant
6 "vessel was placed by private interests in
7 "an American yard. Only 16 merchant ships are
8 "now on the slipways, and of these 12 have
9 "been ordered by the government. By contrast
10 "52 ships are at present being built in for-
11 "eign shipyards for American-controlled com-
12 "panies -- all but one for operation under
13 "foreign flags. As a result American ship-
14 "yards capable of building ocean-going mer-
15 "chant vessels now employ less than 6000 men.
16 "Thanks to lifebelts thrown by the Navy, and
17 "to a new government assistance programme for
18 "the merchant marine announced late in 1954,
19 "renewed activity in some yards is expected
20 "later this year, but the annual goal of 60
21 "ships is still far off."

22
23 57. After explaining in some detail the numerous
24 special measures to assist American shipping the
25 article goes on to say:

26 "In the first place, nearly 90 percent of
27 "the American merchant fleet tonnage does
28 "not receive an operating subsidy, and al-
29 "though, since 1952, construction subsidies
30 "have been made available to all ships



1 "employed in foreign service, the advantages
2 "of tax deferment are confined to the lines
3 "receiving operating subsidies."

4 "There are as many grounds for arguing
5 "that the construction subsidy is excessive as
6 "there are for claiming, which the subsidised
7 "lines do, that it is insufficient. But they
8 "can certainly justify their main complaint --
9 "that the subsidy is uncertain. For each of
10 "the three largest passenger liners built in
11 "America - the SS United States built for the
12 "United States Lines and the SS Independence
13 "and the SS Constitution built for the Ameri-
14 "can Export Lines -- the portion of the cost
15 "borne by the government was recalculated at
16 "a substantially lower amount after the con-
17 "tracts were signed, and in two cases is still
18 "not settled four years after the ships first
19 "went to sea."

20
21 58. The facts are that special shipbuilding sub-
22 sidies, ship operating subsidies, special cargo pre-
23 ference laws, and restricting coastal shipping to
24 United States ships have not prevented a decline in
25 American shipbuilding and American shipping to pre-
26 war levels.

27 59. In desperation the United States Government
28 took further action late in 1954 to put more stilts
29 under the industry. There is no need to elaborate
30 on the new and further subsidies except to say that



1 there is much doubt that even these additional fea-
2 tures of the complicated American subsidy system will
3 do the trick! Concerning the new subsidies the above
4 article has this to say:

5 "The new programme has been very slow off the
6 "mark. Conditions imposed by Congress have
7 "delayed the construction of tankers. The dry
8 "cargo trade-in building programme is unlikely
9 "to succeed unless the government's trade-in
10 "allowance meets the price companies can ob-
11 "tain by selling their ships for foreign flag
12 "operations. Moreover, the Administration is
13 "a prisoner of its own economic philosophy --
14 "the preference for private over government
15 "financing. Formerly the shipping companies
16 "made a down payment of only 25 percent of
17 "their share of the cost of building a new
18 "ship. The balance was financed by the govern-
19 "ment, and repaid by the company over a 20-year
20 "period at relatively low interest rates.
21 "Now the shipping companies are required to
22 "finance their entire share of the cost of
23 "the vessel, with the assistance of a govern-
24 "ment guarantee of the mortgage. But the
25 "government, except for special purpose
26 "vessels, will guarantee only 90 percent of
27 "the mortgage, which in turn must not ex-
28 "ceed 87½ percent of the cost of the ship.
29 "Short of a 100 percent government guarantee,
30



1 "it is claimed, no private financing can be ob-
2 "tained in a market traditionally suspicious of
3 "erratic shipping earnings.

4 "Thus without much greater government
5 "assistance than any yet in prospect, a civi-
6 "lian shipbuilding industry employing 36,000
7 "men is not even within range. Perhaps the
8 "only appropriate solution to the problem of
9 "retaining a skilled shipbuilding labour force
10 "is that already sought by several of the lar-
11 "ger shipyards -- diversification. Skilled
12 "machinists can produce hydraulic turbines and
13 "other heavy machinery for use by other indus-
14 "tries; offshore oil drilling platforms provide
15 "another valuable market; and some shipyards
16 "have even begun to fabricate structural steel
17 "for building."

18 60. We have gone into the United States situation
19 for the purpose of pointing out that United States
20 experience with a whole range of restrictive and dis-
21 criminatory shipping practices and complicated ship-
22 ping subsidies does not seem to have placed the ship-
23 building and shipping industry in a flourishing and
24 strong position. American experience seems to indi-
25 cate that all this bolstering and storing up has
26 resulted in by far the highest cost shipbuilding
27 in the world and the highest cost of ship operation
28 in the world. Because these special measures have
29 not succeeded in maintaining the industry the next
30 step was pressure for further subsidies and the end
does not appear to be in sight.



1 61 We are not sure how relevant all this is to
2 the Canadian problem now before this Commission, al-
3 though we have commented upon the U.S. situation at
4 some length because of the importance which certain
5 other groups seem to place on it.

6 62. The statements we have quoted do seem, however,
7 to point to two significant conclusions.

8 1. After 100 years of restricting U.S.
9 coastal trade to American built and American operated
10 vessels, the construction of coastal shipping in the
11 United States appears to be in an exceedingly de-
12 pressed state, due we presume, to a correspondingly
13 low level of activity in the U.S. coasting trade it-
14 self. This low level of coasting trade activity is a
15 result of the inability of the coasting trade to ef-
16 fectively compete against alternative forms of trans-
17 portation. If the insulation of the U.S. coasting
18 trade from any international competition has led to
19 this sort of result, might we not be running a dan-
20 ger of experiencing the same end result if we copy
21 their policies - and of in the process largely nulli-
22 fying the economic advantages which all Canada is
23 hoping for from the development of the Seaway.

24
25 Freed from any competition outside of Canada
26 costs of ship construction would likely soon rival
27 that of the United States, the highest in the world.
28 The taxpayers of Canada would be paying higher
29 prices for every government ship bought or repair-
30 ed and that would include all naval ships. Coastal



1 shipping owners would have higher replacement and re-
2 pair and maintenance costs.

3 Freed from all competition from British ships
4 in the coastal and Seaway trade freight charges would
5 tend to be higher, alternative transportation methods
6 would take more of the business and coasting trade
7 including that on the St. Lawrence River and Great
8 Lakes would not expand as much as it would under more
9 competitive conditions.

10
11 2. The second conclusion is that the ad-
12 ministration of shipbuilding subsidies - which have
13 been recommended to you as a possible alternative to
14 a Canadian coasting trade shipping and shipbuilding
15 monopoly is an extremely difficult task which leads
16 to rapidly increasing costs which is constantly
17 threatened by multiplying complications, delays and
18 requests for further assistance.

19 VI REPLACEMENT OF CANADA'S MERCHANT FLEET

20 63. Table II, appearing on page 7 of the Eighth
21 Report of the Canadian Maritime Commission, and re-
22 produced on page 17 of this brief, shows the present
23 distribution of the tonnage of the Canadian merchant
24 fleet according to the period in which the ships
25 were built.

26 64. This table gives striking evidence of the
27 relatively advanced age of the Canadian Merchant
28 Fleet. As at March 31, 1955, 7.5 percent of the
29 gross tonnage was more than 54 years old; 12.7 per-
30 cent was from 45 to 54 years old; 5.7 percent was



1 from 35 to 44 years old and the largest group of all
2 the tonnage, 26.8 percent, was 25 to 34 years old.

3 64. In commenting on the above table the Commission
4 said:

5 "As the economical life expectancy of a vessel
6 "employed in salt water trades is about twenty
7 "years, and in fresh water trades, about
8 "thirty-five years, these statistics indicate
9 "a high degree of obsolescence in the merchant
10 "fleet. The preponderance of vessels built in
11 "the period 1921 to 1930, consisting mostly
12 "of canal-size ships designed for the existing
13 "fourteen-foot St. Lawrence canals, constitutes
14 "a special problem in 'block obsolescence';
15 "their replacement must necessarily take ac-
16 "count of the changed conditions which will
17 "come about with the St. Lawrence Seaway."

18 65. An examination of Table II made in the light
19 of the above Maritime Commission's statement reveals
20 that no less than 330,404 tons of shipping needs to
21 be replaced at once as it is all more than 35 years
22 old. Of the 341,032 tons built from 1921 to 1930
23 and some 25 to 34 years old practically all of it
24 is engaged in the St. Lawrence canal trade. The
25 bulk of these vessels are in the 1,000 to 1,999
26 gross tons category and the next most important group
27 is the 2,000 to 4,999 gross tons category.

28 66. Table I of the Eighth Maritime Commission
29 indicates that Canadian ocean-going ships in foreign
30



1 trade had a gross tonnage of 204,080. Of this ton-
2 nage 56,383 tons were war built ships and three of
3 20,236 tons were diesel cargo boats. All these ships
4 would be built since 1940. That leaves only 3 other
5 cargo boats and 9 tankers with a total gross tonnage
6 of 127,461 some of which might have been built after
7 1930. For the purposes of this argument we are
8 assuming that half of this tonnage was built before
9 1930 and is in need of replacement.

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17 (page 32 follows)
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TABLE II
CANADIAN MERCHANT FLEET
as at March 31/55

DISTRIBUTION BY TONNAGE GROUPS ACCORDING TO YEAR OF ORIGINAL CONSTRUCTION

(Self-propelled ships of 200 gross tons and over, excluding non-commercial vessels, tugs, ferries, and the fishing fleet)

Year of Build	200-499 G.T.		500-999 G.T.		1,000-1,999 G.T.		2,000-4,999 G.T.		5,000-9,999 G.T.		10,000 G.T. and over		Totals across	
	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons
1951-1955....	1	371	.....	.....	.....	.....	7	15,403	4	30,061	14	190,893	26	236,728
1946-1950....	11	4,014	8	4,644	12	18,718	8	21,232	6	37,870	4	54,957	49	141,435
1941-1945....	21	6,423	13	8,842	10	14,199	21	61,544	6	43,112	5	53,319	76	187,439
1936-1940....	10	3,146	1	888	7	10,483	3	6,692	.....	.....	.....	.....	21	21,209
1931-1935....	3	783	2	1,524	7	12,009	.....	.....	.....	.....	.....	.....	12	14,316
1921-1930....	6	1,881	7	5,444	89	160,745	40	98,932	9	63,550	1	10,480	152	341,032
1911-1920....	9	2,896	8	5,687	14	21,212	6	13,612	4	28,993	41	72,400
1901-1910....	5	2,209	10	17,596	24	86,794	9	55,367	48	161,966



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Year of Build	200-499		500-999		1,000-1,999		2,000-4,999		5,000-9,999		10,000 G.T. and over		Totals across	
	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons
1900 and earlier	3	1,121	2	1,347	5	9,102	18	72,439	2	12,029	.....	30	96,038	
Totals down	69	22,844	41	28,376	154	264,064	127	376,648	40	270,982	24	309,649	455	1,272,563



67. We shall now indicate our estimate of the amount of shipping tonnage which will need to be replaced in the next 5 years.

<u>Present Age</u>	<u>Gross Tons</u>
Over 55 years	96,038
45 to 54 years	161,966
35 to 44 years	72,400
25 to 34 years	<u>341,032</u>
	671,436
<u>Less:</u>	
Engaged in foreign trade and over 24 years old	<u>63,730</u>
Engaged in coasting and Lake Trade	<u>607,706</u>

68. The above tonnage replacement does not allow for any increase in trade due to a general expansion in all coasting trade and in particular the anticipated rapid expansion in Seaway trade once the Seaway is opened.

69. The tonnage of ships at present in the salt water coasting trade is 161,636 gross tons. Allowing for an annual increase in requirements of 3 percent we would need annual additions of 4,850 gross tons to keep up with general expansion.

70. The tonnage of ships in the Upper Lakes and St. Lawrence canals trade is presently 855,627.

Based on various estimates made on the effects of the Seaway opening, we can surely anticipate that 5 years from now we will need at least 1/3 more tonnage to carry the anticipated increase in trade.

This amounts to an additional 284,924 tons in 5 years or an annual increase of about 57,000 tons.

71. We now summarize what we believe repre-



sents a conservative estimate of the new shipping
needed in Canada over the next 5 years as follows:

Gross Tons

To replace present old and
obsolescent ships 671,436

To provide for annual increase
in salt water coasting trade 24,250

To provide for increase in Seaway
trade 284,924

980,610

Of this total:

Amount engaged in foreign trade 63,730

Amount engaged in coasting & Seaway 916,880

Average per year for next 5 years -
total 196,122

in foreign trade 12,746

in coasting & Seaway trade 183,376

72. If the law governing coastal trade should be
changed, thereby restricting coasting and St. Lawrence
Seaway trade to Canadian built and registered ships,
then the shipyards of Canada would have a monopoly
for the construction of approximately 183,000 gross
tons of merchant shipping per year over the next 5
years. In addition to this they would have the regu-
lar business of coasting trade tugs, barges, scows,
dredges, ferries, other government patrol boats,
and repair and maintenance of an expanding total
shipping trade. On top of all this business for the
next few years they would have the balance of the
naval building programme yet to be completed.

73. Such a substantial increase in business over
the next 5 years would result in a very great in-
crease in business and employment in the ship-



building and repairing industry.

74. Table VIII of the Eighth Annual Report of the Maritime Commission shows the following tonnage of merchant ships delivered by Canadian shipyards for two periods 1946 to 1950 and 1951 to 1954. The table only shows up to 1953 but the 1954 data are taken from Table IV of the same report. The average monthly employment data are also derived from the Maritime Commission Reports.

	<u>Tonnage of Self-Propelled Merchant Ships Delivered</u>	<u>Average Monthly Em- ployment in Shipyards</u>
1946	52,028	16,399
1947	83,607	17,135
1948	132,363	15,278
1949	66,758	9,831
1950	39,459	8,530
<hr/>		
Total	374,215	67,173
Annual Average	74,841	13,434
<hr/>		
1951	29,393	12,033
1952	81,005	17,187
1953	74,631	19,630
1954	94,276	15,500
<hr/>		
Total	249,912	52,317
Annual Average	69,826	16,085

75. During the first 5 years period no naval construction to speak of was going on. The average annual delivery of merchant ships amounted to 74,841 gross tons, with an annual employment of 13,434. This working force, in addition to the production of these merchant vessels, was engaged in construction of tugs, government patrol boats, barges, scows, ferries, and in ship repairs and maintenance.



1 76. During the next period 1951 to 1954 the naval
2 building and reconversion programme was in operation.
3 For this period the annual merchant tonnage delivered
4 was 69,826, with an average monthly employment of
5 16,085. The tonnage of merchant vessels per employee
6 was less mainly during this period because it was
7 engaged in an expanded naval building programme.

8 77. Over the next five years we would anticipate
9 that the naval building programme will level off and
10 then gradually recede. But we believe that this
11 situation will be offset by a substantial increase
12 in repair and maintenance work due to an expansion
13 in Seaway trade, both foreign and domestic.

14 78. On the basis of production of merchant ship-
15 ping during the 1946 to 1950 period an annual construc-
16 tion programme of 183,000 tons would require an
17 average monthly employment of about 32,800. On the
18 basis of the 1951 to 1954 period it would require a
19 monthly employment of about 42,000. The average of
20 these two estimates is 37,000 average monthly em-
21 ployment. This figure may be compared with the
22 average monthly employment last year (1954) of
23 15,500; the average monthly employment of the best
24 post-war year (1953) when employment reached
25 19,630, and the estimate of the Maritime Commission
26 that 7000 men would be a safe nucleus of employ-
27 ment in the shipbuilding and repairing industry.

28 79. The stimulus to employment as pointed out
29 above would not stop at the shipyards, which after
30



1 all are somewhat in the nature of assembly plants for
2 a large variety of component parts. Therefore the
3 stimulus to employment would carry over into all the
4 firms which supply the shipyards with steel plates,
5 fittings, electrical equipment and engines, etc.

6 The addition to employment would therefore be much
7 greater than just the increase to employment in the
8 shipyards.

9 80. At first blush one might say that this prospect
10 of greatly increased employment makes the case for
11 restricting coasting trade including the St. Lawrence
12 and Seaway to Canadian registered and Canadian built
13 ships a perfect one. However, in our opinion the
14 fact that restrictive legislation of this kind would
15 provide such a sure stimulus to the shipbuilding in-
16 dustry is the very reason why it would be the height
17 of folly for the Canadian Government to pass legisla-
18 tion to bring this about.

19 81. We refer again to Table II in the Eighth Annual
20 Report of the Maritime Commission. That table
21 shows that there are presently only 14,316 tons of
22 shipping of Canada's Merchant Fleet built from 1931
23 to 1935 and 21,209 tons built from 1936-40. In
24 other words for the 10 years of the depression per-
25 iod, 1931 to 1940, very little shipbuilding took
26 place. After the present overage and obsolete ship-
27 ping has been replaced in about the next 5 years, the
28 next category to be replaced would be ships built
29 in the 5 years 1931 to 1935, which have a total
30



1 tonnage of only 14, 316. After this would come ships
2 built in 1936 to 1940, only 21,209 tons. In other
3 words the shipping to be replaced in the 10 year
4 period, 1961 to 1970 will be very small indeed, rep-
5 resenting an annual average of about 3 percent of
6 what is needed over the next 5 years.

7 82. It is plain therefore that restricting coasting
8 trade, including the St. Lawrence and Great Lakes, to
9 Canadian built and registered ships would result over
10 the next 5 years in a doubling of the present activity
11 in the shipyards and then a very sharp decline to
12 extremely low levels. Over an extended period, last-
13 ing probably for 10 years, hardly any new merchant
14 ship construction would take place, except for any
15 increase due to a gradual expansion in trade. At
16 the end of the first 5 years following the opening
17 of the Seaway the major expansion in coasting trade
18 resulting from the Seaway opening would likely be
19 over.
20

21 83. We venture to predict that should the ship-
22 yards be artificially stimulated to double their
23 present activity, which we are convinced would be
24 the case if restrictive shipping legislation should
25 be passed, the boom in the industry would only last
26 for a few years. After that the greatest peace-
27 time slump in the history of the shipbuilding in-
28 dustry would take place.

29 84. The consequences of such a boom and bust
30 would be far reaching. It would react not only on



1 the labour force in the shipyards but would be felt
2 by all the towns and businesses associated with the
3 industry. The logical consequence would likely be a
4 strong and persistent pressure on the part of all
5 people directly concerned for some kind of special
6 subsidy and aid to keep the shipbuilding industry
7 alive. As the stimulus to be derived from coastal
8 ship construction will have dried up the next logi-
9 cal demand would be for a large heavily subsidized
10 Canadian deep-sea fleet, with a special subsidized
11 construction policy to keep the yards alive and em-
12 ployment up.

13 85. Now it might be argued that we have exaggerated
14 our case. Specifically it might be argued that the
15 period of replacement could be extended more than the
16 5 years. But in that case the period of low construc-
17 tion activity 1961 to 1970 would also be lengthened.
18 Regardless of how one looks at it, whether one argues
19 that fresh water ships can last 35 or 40 years, and
20 salt water ships 20 or 25 years the stubborn facts
21 are that a very large volume of shipbuilding has
22 to be done in the immediate future. After this is
23 completed the evidence is convincing that an ex-
24 tended period of extremely low replacement will
25 follow. If Canadian shipbuilding yards have the
26 monopoly on this business they are going to face
27 the certainty of feast and famine, a cycle of boom
28 and bust.

29 86. We note that organized labour has come out
30



1 strongly for this restrictive legislation. We are
2 sympathetic to labour in their desire for full employ-
3 ment at fair wages. We believe it is good for labour
4 and good for Canada. But we feel if labour worked
5 at this situation very carefully, especially the long
6 run effects of the artificial stimulus to employment
7 inherent in the proposed policy of restriction, then
8 they might come to a different conclusion.

9 87. It would appear to us that the long run inter-
10 ests of labour are in the direction of more stability
11 of employment and not instability. Certainly from
12 the national interest a policy which would ultimately
13 lead to more instability would be very unwise.

14 88. We would agree that the logic of our own
15 analysis of the facts with respect to the present age
16 of Canadian Merchant Shipping indicates a period of
17 extremely low shipbuilding for an extended period of
18 years starting at little after 1961. The industry
19 might face some difficulty then even if the sugges-
20 ted restrictions on the coasting trade are not im-
21 posed. But on the other hand it might not. There
22 is a good possibility that if the industry is not
23 subjected to an artificial hot house growth over
24 the next 5 years it may be able to ride through the
25 period of low construction without too much diffi-
26 culty. The natural growth of the economy bringing
27 about more shipping repair work, more smaller craft,
28 government patrol boats, barges and ferries, all
29 of which will be needed in an expanding economy -
30



1 together with the increased maintenance requirements
2 of a larger navy, will we believe, provide the ship-
3 yards with sufficient business to provide employment
4 well above the 7,000 men mentioned by the Maritime
5 Commission as a safe nucleus in the case of a nation-
6 al emergency. Probably they will not receive large
7 orders for the replacement of merchant shipping, yet
8 even in this category we feel that stimulated by the
9 force of competition some yards will be able to com-
10 pete successfully in the construction of certain
11 types of merchant ships for which their experience
12 and facilities give them a particular advantage.

13 VII British Balance of Trade With Canada.

14 89. For centuries the British have relied upon a
15 large shipbuilding industry and merchant fleet for a
16 very considerable portion of her earnings in foreign
17 trade. Together they provide important funds for the
18 purchase of needed imports.

19 90. Since the war the loss of much of her foreign
20 investments has brought severe pressure on her bal-
21 ance of payments position. Already she has had to
22 devalue the sterling 30 percent in order to improve
23 her competitive position. Since devaluation costs
24 in Britain have been rising more rapidly than in
25 the dollar area, including Canada. Only recently
26 she has had to introduce special measures to main-
27 tain economic stability because her earnings of for-
28 eign exchange are not keeping pace with her expendi-
29 tures for imports. If her international payments
30



1 situation cannot be brought into a more permanent
2 balance further devaluation of the sterling will be
3 forced upon her. This would be followed by devalua-
4 tion again by many sterling countries with severe
5 depressing effects on the export trade of the dollar
6 countries, including Canada.

7 91. It would seem a prudent course for Canada at
8 this time to help to stimulate imports from Britain
9 so that further devaluation can be avoided and the
10 day brought closer when free convertibility will be
11 possible. We do not know exactly how much Britain
12 presently earns from the Canadian coasting trade
13 and from orders to build ships for Canada. But in
14 view of the fact that merchant ships run in cost from
15 \$2,000,000 to \$10,000,000 depending upon the size,
16 we hazard a guess that if Britain should be shut out
17 of the coasting trade and shut out from the construc-
18 tion of Canadian coastal ships over the next few years
19 she will likely earn at least \$30,000,000 less per
20 year than she would if the present shipping laws
21 were not changed. This sum of foreign exchange is
22 very considerable when we consider that certain im-
23 ports from Canada are prohibited, or dollars are
24 rationed and earmarked for them because of the
25 scarcity of dollar earnings. Two examples that
26 we know of are apples and cheese and we also believe
27 it is true for Canadian salmon.

28 92. There can be no argument about the fact
29 that if Britain is allowed to continue to trade in
30



1 coastal waters and to build ships for Canada that her-
2 balance of trade position with Canada will be much
3 improved over what it would be if she were to be shut
4 out. Moreover all our export industries would gain
5 some benefit from a stronger British balance of pay-
6 ments position.
7

VIII.

SUMMARY

9
10 93. One of the main purposes of the development
11 of the St. Lawrence Seaway is to make possible lower
12 transportation charges for all goods moving both ways
13 over the 2000 miles from the mouth of the St. Lawrence
14 to the heart of the continent. The complete elimina-
15 tion of British shipping competition from the coas-
16 ting trade, including the coasting trade of the Great
17 Lakes and Canadian-United States trade within the
18 Great Lakes, would prevent the full realization of
19 this lower cost transportation potential. Marginal
20 producers in all coastal and inland lake areas would
21 be severely handicapped by unnecessarily higher
22 freight rates.
23

24 94. The future pattern of shipping within the
25 St. Lawrence River and Great Lakes will tend to
26 favour large size bulk cargo carriers, especially
27 built for canal traffic. These vessels will have
28 special advantages over smaller British or foreign
29 vessels which may enter the Seaway for short per-
30 iods to engage in coasting trade such that they



1 will be able to compete successfully with British and
2 foreign ships despite their lower wage rates. British
3 registered ships which may enter the Seaway and coas-
4 ting trade for long periods will most likely be com-
5 pelled to raise their standards up to the higher cost
6 Canadian standards. Therefore if Canadian coasting
7 trade shipowners are permitted the alternative of
8 buying their vessels in Britain there is no possibi-
9 lity that when the Seaway is opened they will be
10 driven out by British and foreign vessels.

11 95. Canadian shipbuilders will always have the
12 business of constructing barges, tugs, ferry boats,
13 government special patrol boats and Canadian naval
14 vessels. In addition to this they will have a con-
15 siderably larger repair and maintenance business than
16 in recent years due to a big expansion in Seaway
17 shipping and a larger Canadian navy. These factors
18 alone will provide more than the minimum employment
19 of 7,000 men which the Maritime Commission has stated
20 is a safe nucleus of workers in the shipbuilding and
21 repairing industry.

22 96. United States experience with shipping sub-
23 sidies and the restriction of coasting trade to
24 United States registered and United States built
25 ships has not prevented a decline in their shipping
26 and shipbuilding industry to relatively low levels
27 of activity.

28 97. The advanced age and obsolescents of about
29 half the Canadian Merchant Fleet indicates that over
30



1 the next few years a large volume of tonnage will have
2 to be replaced by modern vessels. Moreover, due to
3 the opening of the Seaway a considerable expansion
4 in the coasting shipping will be needed. If Canadian
5 shipbuilders are given a monopoly in the building of
6 ships for the coasting trade, then we anticipate a
7 great boom in the shipbuilding industry.

8 98. These ships would be built at much higher
9 cost than they could be obtained in Britain. This
10 boom will be followed by a collapse when the time
11 comes to replace the few ships built in the depres-
12 sion period of 1931 to 1940. Such a violent shift
13 from feast to famine will be bad for employment,
14 shipbuilders and the providers of ship components.

15 99. The shipyards can have a relatively steady
16 employment, higher than the nucleus of 7,000 men,
17 without engaging in this inevitable cycle of ship-
18 building activity.

19 100. The United Kingdom for a long period of years
20 has depended upon sales of ships and earnings from
21 her shipping to help pay for necessary imports.
22 Ever since devaluation in 1949 she has been trying
23 to create a sound balance between her imports and
24 exports so that the pound sterling might be freely
25 convertible. She has not yet succeeded in doing
26 this. Moreover, within recent years her imports
27 from Canada in particular have been running well
28 above her exports to us.

29 101. If British ships are excluded from earning
30



1 Canadian dollars in the Canadian Coasting Trade and
2 if British shipbuilders are prevented from supplying
3 ships to Canadian coasting shipowners, Britain will
4 lose a very important source of revenue. This, in
5 turn, would tend to reduce the possibilities of
6 Canada exporting goods to Britain. The impact of
7 this would be felt particularly by the agricultural
8 and fishing industries because some of the products
9 of these industries are still under British dollar
10 exchange rationing.

12
13
14 IX. CONCLUSIONS AND RECOMMENDATIONS

15 102. A granting of the requested restrictions on
16 the conditions governing participation in the Canadian
17 coasting trade would confer a short-term economic
18 advantage to a small segment of the economy - the
19 shipbuilding industry - at the cost of a permanently
20 higher than necessary freight rate structure from New-
21 foundland to the heart of the continent.

22 103. A significant part of the cost to the Canad-
23 ian economy of such a policy would come directly
24 out of the pockets of the producers of farm products
25 - and particularly of the grain producers, who can-
26 not add the greater transportation charges to the
27 prices they receive for their products. More than
28 a third of Canada's export trade to the United King-
29 dom is in the form of agricultural products.

30 104. One of the great natural economic advantages



1 of Canada is this fresh water traffic artery of more
2 than 2,000 miles from which we are now at last
3 attempting to realize the full benefits. It is not
4 just a question of keeping to a minimum freight charges
5 on traffic that will be carried even if a traffic
6 monopoly were granted to Canadian registered ships.
7 It is even more important to make possible the ex-
8 tension of future industrial development into new
9 economic areas which will take place if British ships
10 are allowed to continue to compete in coasting trade.
11 It would be a national tragedy if these full benefits
12 were not realized because of a needless attempt to
13 stimulate Canada's shipbuilding industry, and to
14 provide a protected area of operation for Canada's
15 coasting fleet.

16 105. Though it is impossible to predict exactly
17 just how the pattern of shipping in the Seaway will
18 develop, a reasonable judgment based on the facts
19 which are available would indicate that, without any
20 change in present law governing the coasting trade
21 there will be:

22 (i) A continued healthy participation of
23 Canadian owned and operated ships in the
24 coasting trade, and

25 (ii) Sufficient shipbuilding and repair-
26 ing business for Canadian yards to keep them
27 at a level of activity well above the sugges-
28 ted necessary nucleus of 7,000 men employed
29 in the industry.
30



1 106. Restriction of the coasting trade to Canadian
2 built and operated ships would create an unhealthy
3 boom and bust cycle in the shipbuilding industry over
4 the next 10 or 15 years.

5 107. Therefore in what it believes to be in the
6 national interest the Canadian Federation of Agricul-
7 ture:

8 (i) Recommends that Canadian registered
9 ships built within the Commonwealth or in for-
10 eign countries be allowed to continue to en-
11 gage in the Canadian coasting trade, and

12 (ii) Recommends that this Commission make
13 no recommendations to the Government of Canada
14 which would result in the elimination of
15 Commonwealth registered ships from the coasting
16 trade, including the Great Lakes, or in the
17 exclusion of Commonwealth and foreign ships
18 from engaging in United States-Canadian trade
19 within the St. Lawrence and Great Lakes area.
20

21 Respectfully submitted by:-

22 The Canadian Federation of
23 Agriculture.

24 October 31st, 1955.
25
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1 ----EXHIBIT NO. 162: Brief of the Government of
2 the Province of Alberta.

3
4
5
6 EXHIBIT NO. 162

7 Submission

8 of

9 Government of Province of Alberta

10
11 The pertinent legislation in that aspect of
12 the Commission's enquiry with which I propose to deal
13 is Part 13 of the Canada Shipping Act, Revised
14 Statutes of Canada 1952, chapter 29, and particularly
15 section 671.

16 It is interesting to note that our Coasting
17 Trade has been open to British ships since 1870. In
18 that year there was passed an Act respecting the
19 Coasting Trade of Canada. The preamble recited that
20 the Act was being passed pursuant to a legislative
21 power vested in the Canadian Parliament by an Imper-
22 ial statute of 1869, 32 Victoria chapter 11. Sec-
23 tion 4 of that Imperial statute conferred upon
24 British possessions the legislative power to regu-
25 late their respective Coasting Trades subject to
26 the following important condition:

27 "The Act or ordinance shall treat all Brit-
28 ish ships (including the ships of any
29 British possession) in exactly the same
30



1 "manner as ships of the British possession in
2 "which it is made."

3 Accordingly we find section 1 of chapter 14 of the
4 Statutes of Canada 1870 beginning with the words:

5 "No goods or passengers shall be carried by
6 "water, from one port of Canada to another,
7 "except in British ships;"

8 The act defined a British ship (by a reference
9 to the Imperial statute, the Merchant Shipping Act
10 1854) as meaning a ship owned by a British subject
11 or a corporation subject to the laws of, and having
12 its principal place of business in the United King-
13 dom or a British possession.

14 It is not surprising to find that when Canada
15 was emerging as a sovereign nation during the years
16 immediately preceding the Statute of Westminster,
17 Merchant Shipping was the subject of consideration
18 at the Imperial Conferences of 1929 and 1930. Under
19 the new order, Canada was to have full and complete
20 legislative authority over all ships while within
21 the territorial waters of Canada or engaged in its
22 coasting trade. It followed that if our coasting
23 trade was to be restricted to British ships, as the
24 Act of 1870 had provided rather than be thrown
25 open to all ships British and foreign, there would
26 have to be agreement to that effect among the
27 nations of the Commonwealth. What I have just
28 said is but a paraphrase of the conclusions of the
29 1929 Conference on the Operation of Dominion
30



1 Legislation and Merchant Shipping. Accordingly such
2 an agreement was drafted. It was reviewed and appro-
3 ved at the Imperial Conference of 1930 and was
4 signed at London on 10th December 1931. The signing
5 parties were the governments of the United Kingdom,
6 Canada, Australia, New Zealand, South Africa, the
7 Irish Free State and Newfoundland. The text of the
8 Agreement is to be found at page 9 of the Prefix to
9 the Statutes of Canada 1932.

10 Articles 10, 11 and 12 of the Agreement read
11 as follows:

12 "Article 10.--Each Part of the British
13 "Commonwealth agrees to grant access to its
14 "ports to all ships registered in the British
15 "Commonwealth on equal terms and undertakes
16 "that no laws or regulations relating to sea-
17 "going ships at any time in force in that
18 "Part shall apply more favourably to ships
19 "registered in that Part, or to the ships of
20 "any foreign country, than they apply to any
21 "ship registered in any other Part of the
22 "Commonwealth.

23 "Article 11.--While each Part of the
24 "British Commonwealth may regulate its own
25 "coasting trade, it is agreed that any
26 "laws or regulations from time to time in
27 "force for that purpose shall treat all
28 "ships registered in the British Common-
29 "wealth in exactly the same manner as
30



1 "ships registered in that Part, and not less
2 "favourably in any respect than ships of any
3 "foreign country.

4 "Article 12.--Nothing in the present
5 "Agreement shall be deemed--

6 (1) to derogate from the right of every
7 "Part of the Commonwealth to impose customs
8 "tariff duties on ships built outside that
9 "Part; or

10 "(11) to restrict the right of the Govern-
11 "ment of each Part of the Commonwealth to give
12 "financial assistance to ships registered in
13 "that Part or its right to regulate the sea
14 "fisheries of that Part."

15 It is recorded at page 25 of the Report of
16 the Imperial Conference of 1930 that Canada reserved
17 the right when signing the British Commonwealth Mer-
18 chant Shipping Agreement to declare the extent, if
19 any, to which the provisions of the Agreement other
20 than those of Part 1 (relating to the status of
21 British ships) should not apply to ships navigating
22 the Great Lakes of North America. A perusal of
23 the Agreement indicates that Canada made no such
24 reservation.

25 By its signature to the Agreement, the Gov-
26 ernment of Canada undertook to propose any legisla-
27 tion required to give effect to the Agreement.
28 That legislation was enacted in 1934 as sections
29 661 to 665 of the Canada Shipping Act, chapter 44
30



1 of the Statutes of 1934 and those sections now appear
2 as sections 669 to 673 of the Canada Shipping Act,
3 chapter 29 of the Revised Statutes of Canada 1952.

4 Parliament is supreme as to matters within
5 its proper legislative powers and section 671 of the
6 Canada Shipping Act could be repealed or amended at
7 any time. But it should be kept in mind that this
8 section was enacted in execution of Canada's Agree-
9 ment in the premises with Britain, Australia, New
10 Zealand, South Africa, the Irish Free State and, as
11 it then was, the separate colony of Newfoundland.
12 In that regard, it may not be amiss to look at Article
13 25 of the Agreement which reads as follows:

14 "Article 25.--The present Agreement may be
15 "varied at any time during the continuance
16 "thereof by common accord. Proposals for
17 "variation shall be sent by the Government of
18 "the Part proposing the variation, to the
19 "Government of the United Kingdom, to be cir-
20 "culated to the Governments of the other
21 "Parts of the Commonwealth, who will consider
22 "the proposals and endeavour to agree upon
23 "the acceptance of the variation with or
24 "without amendment. If a common accord is
25 "reached with respect to any proposed varia-
26 "tion the present Agreement shall be varied
27 "accordingly."

28 I would venture the respectful view that
29 before Parliament would amend any of the provisions
30



1 Part 13 of the Canada Shipping Act, in such a way as
2 to seriously alter the provisions of the Commonwealth
3 Agreement of 1931 Parliament would wish to know if
4 the other nations signatory to that Agreement were in
5 accord or in any event whether the procedure for
6 amendment of the Agreement set out in Article 25 of
7 the Agreement had been followed.

8 I now pass from what might be called the
9 historical setting of the legislation under review
10 by your Commission.

11 As I understand the position taken by the
12 interests which are not satisfied with the existing
13 state of affairs, essentially it is that section 671
14 of the Canada Shipping Act be amended to restrict
15 the coasting trade of Canada to ships built in Canada
16 and manned in Canada. At present the law shuts out
17 from that trade all foreign ships, meaning all ships
18 other than British ships. It is urged that that res-
19 triction be intensified so as to limit our coasting
20 trade to ships built and manned in Canada.

21 The Province of Alberta submits to the con-
22 trary. We must accept for the moment the fact that
23 foreign ships, the ships of the United States,
24 Greek ships and Norwegian ships are shut out of our
25 coasting trade. We must accept all that that res-
26 triction means in limiting competition in water-
27 borne shipping from port to port everywhere in
28 Canada.

29 It is interesting to read the debates in
30



1 Parliament in 1934 when the predecessor of section
2 671 of the Canada Shipping Act of this legislation
3 was being enacted. There was strenuous opposition
4 to the legislation from members of the Opposition
5 from Alberta, Saskatchewan and Manitoba, who feared
6 that the elimination of United States competition
7 in shipping on the Great Lakes would result in
8 higher freight rates on Canadian wheat moving for
9 export. As Mr. Speakman, the member for Red Deer,
10 Alberta, put it at page 3996 of the Debates of 1934:

11 "Wheat is also in a singular position
12 "in this respect, perhaps beyond all other
13 "commodities, that every fraction of a cent of
14 "additional cost in the handling and shipment
15 "is reflected at once in a reduction in price
16 "to the producer. The price is set in Liver-
17 "pool or the markets of the world. Every
18 "fraction of a cent which it costs to carry
19 "it to that market is taken from the amount
20 "which the producer receives. So the route
21 "by which and the conditions under which his
22 "grain is shipped are of direct and vital
23 "interest to the producer of wheat.

24 "We know that one of the most effec-
25 "tive forms of control, and one which under
26 "this act will be removed in some degree
27 "at least, is that which comes into opera-
28 "tion through competition of other means
29 "of transportation. The slightest
30



1 "restriction or limitation of that competition
2 "may be -- I do not say necessarily will be --
3 "may be reflected in the price that the far-
4 "mer receives.

5 "It is not that the western farmer
6 "would not prefer, the cost and other things
7 "being equal, to have his grain carried in
8 "Canadian bottoms. He would. But he cannot
9 "afford to pay for that sentiment, and he
10 "cannot afford to take the chance of an in-
11 "crease in cost through the removal of that
12 "controlling factor."

13 Other Western members expressed the same view,
14 among them the Honourable W. R. Motherwell who was
15 for some years federal Minister of Agriculture. It
16 is not difficult to imagine what the position of those
17 gentlemen would have been if the legislation had
18 sought to eliminate from the coasting trade not only
19 American and other foreign ships but non-Canadian
20 British ships as well.

21 It is true that the concern felt in Parlia-
22 ment in 1934 was confined to the movement of grain
23 over the Great Lakes-St. Lawrence system. That
24 bulk movement was not at that time, nor is it now
25 subject to regulation by the Board of Transport
26 Commissioners. Supply and demand and to some ex-
27 tent carriers' costs regulate the charges, although
28 I may say in passing that I am not unmindful of
29 the limited and rather negative functions of the
30



1 Board of Grain Commissioners under the Inland Water
2 Freight Rates Act, chapter 153 of the Revised Stat-
3 utes of 1952.

4 So much for the bulk movement or movement by
5 charter party. It may be said that even though there
6 be some ground for apprehension that elimination of
7 United Kingdom shipping competition from the Great
8 Lakes-St. Lawrence system may bring about a rise in
9 freight rates on bulk movements, the same situation
10 does not obtain in the case of package freight which
11 since 1938 has been regulated by the Board of Trans-
12 port Commissioners. In our submission there is in-
13 deed good reason to feel that repeal or substantial
14 amendment of section 671 of the Canada Shipping Act
15 will adversely affect the package freight rates. If
16 because of higher capital cost of building ships in
17 Canada or because of higher operating costs, the
18 Canadian ship owners can make out a case of finan-
19 cial need to the Transport Board, then there will
20 be justification for an increase in water freight
21 rates to cover such increased capital and operating
22 costs. Upon that event, rail freight rates would
23 increase almost automatically because of the tra-
24 ditional arrangement sanctioned by the Transport
25 Board that there must be a fixed differential be-
26 tween rail and water rates.

27 The Province of Alberta makes no apologies
28 for being freight rate conscious. When the Honour-
29 able E. C. Manning, Premier of Alberta, appeared
30



1 before the Royal Commission on Transportation on June
2 16th, 1949, he made the following statement at page
3 1918 of the record:

4 "The geographic characteristics of our
5 "problem are well known. Alberta is a land-
6 "locked, non-competitive area specializing in
7 "agricultural and raw material production.
8 "Our freight hauls, and of necessity we rely
9 "almost wholly upon the railways, are long on
10 "both inbound and outbound traffic. Most of
11 "our produce is sold on a distant and highly
12 "competitive world market and most of our con-
13 "sumer goods must be obtained from sources
14 "hundreds of miles away. Farm machinery and
15 "other capital equipment must likewise be ob-
16 "tained from distant markets. Under these
17 "circumstances the people of Alberta pay a
18 "substantial part of the transportation costs
19 "on both inbound and outbound freight. This
20 "means that distance is a controlling factor.
21 "We recognize that distance imposes a dis-
22 "ability upon us, but I would like to empha-
23 "size, the cost of linking the East and West
24 "in this country cannot fairly be assessed on
25 "the distance basis alone. We do not pro-
26 "pose a 'postage stamp' concept nor similar
27 "proposals that seek to eliminate complete-
28 "ly the distance factor. We do object,
29 "however, and we object strenuously to all
30



1 "existing arrangements which add to the disad-
2 "vantage of distance, artificial disadvantages
3 "of whatever nature.

4 "In addition to distance, two other geo-
5 "graphic features must be noted. The first
6 "is the St. Lawrence-Great Lakes Waterway. This
7 "great inland water route had been, and is, of
8 "great consequence to Alberta. It does not
9 "benefit us, of course, to anything like the
10 "degree it does the Central Provinces, nor
11 "indeed to the extent it benefits Manitoba and
12 "Saskatchewan, owing to the fact that the bulk
13 "of Alberta grain moves via the Pacific Coast.
14 "Looking to the development of the St. Law-
15 "rence Seaway as a national project, we are
16 "entitled to expect that benefits will accrue
17 "to Alberta. If Federal policy is limited to
18 "undertaking the construction, however, there
19 "is the danger that this national project will
20 "become in effect a regional one. In that
21 "event the immediate area it serves would be
22 "favoured because of the effect of increased
23 "competition on railway rates within that
24 "area. Under existing circumstances this
25 "would mean that for the rest of Canada the
26 "burden of railway transport costs would be
27 "correspondingly increased."

28 At page 1949 of the same record, Mr. Andrew
29 Stewart who was at that time Professor of Political
30



1 Economy at the University of Alberta and is now Presi-
2 dent of the University, said:

3 "Our purpose here is to emphasize the detri-
4 "mental effects of high railroad rates in
5 "general on the use of resources in Alberta.
6 "Heavy tolls on the movement of producers'
7 "goods increase production costs; high rates
8 "on marketable commodities reduce the earnings
9 "from production. The combined effect is
10 "generally to limit the profitability of pro-
11 "duction in this region and to check expansion
12 "in the use of resources."

13 It is not to be expected that increased costs
14 in the carriage of freight on the Great Lakes and the
15 St. Lawrence river system will be absorbed by the
16 ship operators. Those increased costs will be pass-
17 ed on to the shippers and receivers in the form of
18 higher transportation charges. The primary pro-
19 ducers of Alberta, her industries and her consumers
20 are extremely sensitive to any disturbance in the
21 economics of transportation whether by rail, by high-
22 way or by water. Alberta cannot and should not be
23 asked to assume the burden of higher freight rates.

24 The intention of the Government of Canada
25 in undertaking the construction of the St. Lawrence
26 Seaway was basically to improve transportation
27 conditions for the whole of Canada. In our view
28 the
29 it would nullify whole purpose of the contruction
30 of the Seaway if, even before construction is



1 completed, Parliament were to serve notice to the
2 world and particularly to British ship builders,
3 British ship owners and British seamen that after 85
4 years of freedom in Canadian waters, British built
5 vessels were no longer welcome in the Canadian coas-
6 tal trade.

7
8 What I have said to this point has been direc-
9 ted to the evils which we see in the restriction upon
10 competition which would follow the repeal of section
11 671 of the Canada Shipping Act. It seems an obvious
12 incongruity to be compelled to take a position of
13 that kind. Surely there should be no such thing as
14 the detriment of the St. Lawrence Seaway. The Honour-
15 able Lionel Chevrier, President of the St. Lawrence
16 Seaway Authority speaking to the Canadian Club of
17 Edmonton on September 6th last said, as I think he
18 has said on many other occasions:

19 "The advent of the St. Lawrence Seaway will
20 "reduce shipment costs through the elimina-
21 "tion of cargo and reduction in rates for
22 "the span now covered by rail or shallow-
23 "draft canals. This reduction in rates
24 "will be substantial, especially in view of
25 "the fact that the Labrador Iron Ore traf-
26 "fix will provide a large volume of bulk
27 "capacity on their return to the loading
28 "and transfer dock on the Lower St. Lawrence.
29 "Grain will indeed provide an ideal return
30 "cargo for these vessels after unloading



1 "the ore at Great Lakes destinations. Whether
2 "these savings will be translated into increas-
3 "ed profit per bushel for the farmer or lower
4 "prices on export markets is still an undecid-
5 "ed factor. Whatever way the question is
6 "settled, the outcome will be beneficial to
7 "the grower as he will receive more profit per
8 "bushel or sell more bushels at a stated
9 "profit."

10
11 The question might well be asked: Is the iron
12 ore traffic from Labrador to be carried only in ships
13 built in Canada and manned in Canada? Are British
14 ships to be excluded from that trade? If so then
15 the welcome words of assurance which the head of the
16 St. Lawrence Seaway Authority has been giving to the
17 people of Western Canada will lose much of their mean-
18 ing. In Alberta we see, as Mr. Chevrier does, great
19 and lasting benefits from this undertaking. We are
20 opposed to anything which would militate against
21 the full realization of those benefits.

22 No section of Canada should have to defend
23 its people against the Seaway. Nothing should
24 interfere with the full flow of the benefits to be
25 derived from this great national undertaking. The
26 Canadian people have sanctioned the expenditure
27 of millions of dollars to eliminate the physical
28 obstructions between the Lakehead and the open sea
29 so as to make a way for the commerce of the world
30 to reach to the heart of the continent (to repeat



1 a much used phrase). What a contradiction it would
2 be for the Canadian people to find that those physi-
3 cal and natural obstacles to the sea had been re-
4 placed by the man-made obstacles which would be the
5 necessary consequence of building a protective wall
6 around our shipping by repealing section 671 of the
7 Canada Shipping Act!

8 The Romans called the Mediterranean mare
9 nostrum -- our own sea. Let us not look upon the
10 great St. Lawrence Seaway with like parochialism.

11 Something has been said in some of the Briefs
12 as to the needs of the Canadian shipbuilding industry.
13 As to that, I am instructed to merely say that if
14 that industry is in need of financial help, that help
15 should not be imposed wholly upon the shipping and
16 receiving public in the form of higher freight rates
17 to meet higher costs or to provide capital for expan-
18 sion. That assistance, if the need for it is demon-
19 strated, should be a burden on the people of Canada
20 generally, not upon the users of water transport.

21 The Commission will, I am sure, be interested
22 to know the attitude of the Western Canadian farm
23 organizations. The Alberta Wheat Pool is, as the
24 Commission well knows, a co-operative farmers or-
25 ganization of 45,000 members. In the May 27th, 1955,
26 issue of its weekly publication "The Wheat Pool
27 Budget", the editor has this to say:

28 "Shipowners claim that unless new restric-
29 tions are imposed, when the seaway opens
30



1 "increased competition from foreign vessels
2 "will force lake freight rates down and place
3 "the Canadian shipping industry in a more
4 "disadvantageous position. On the other hand,
5 "new restrictions preventing competition
6 "would mean that the seaway would not provide
7 "prairie grain producers with the savings
8 "they have been led to believe would result."

9 In conclusion I would sum up in a word the
10 position of those I represent. There should be no
11 action taken which would further restrict entrance
12 into the Coastal Trade of Canada. The suggestion
13 that that trade be restricted to ships built in Canada
14 and manned in Canada should be rejected.

15 The foregoing is the respectful submission of
16 the Government of the Province of Alberta.
17

18 J.J. Frawley
19 of Counsel
20 for the Province of Alberta

21
22 Edmonton, Alberta.
23 18th October 1955.
24
25
26
27
28
29
30



1 ---Exhibit No. 164: Brief filed on behalf of Kent
2 Lines Limited, Brunswick Mot-
3 ors Limited and Irving Pulp
4 & Paper Limited.

5 EXHIBIT NO. 164

6 BRIEF FILED ON BEHALF OF KENT LINES LTD.,
7 BRUNSWICK MOTORS LIMITED AND IRVING PULP &
8 PAPER LIMITED, AS AN EXHIBIT TO BRIEF FILED
9 BY THE SHIPPING FEDERATION OF CANADA.

10 - - - - -

11 Kent Lines Limited of Saint John, New Bruns-
12 wick, manages four ships, namely,

13 REXTON KENT, a package cargo ship of 1088 gross and
14 804 net registered tons, with deadweight capacity
15 of 716 tons. A rebuilt Canadian Corvette.

16 IRVINGWOOD of 2352 gross and 1817 net registered
17 tons and deadweight capacity of 3600 tons, built
18 and suitable to carry unpackaged dry cargoes, such
19 as lumber, pulpwood, paper and coal.

20 IRVINGLAKE of 2338 gross and 1656 net registered
21 tons with deadweight capacity of 3600 tons. A Park
22 Lake Tanker.

23 IRVINGDALE of 7240 gross and 4183 net registered
24 tons with deadweight capacity of 10400 tons. A
25 Park Tanker of the type commonly called a "10,000
26 ton tanker". It is owned by Brunswick Motors
27 Limited.

28 All four ships were built in Canada and
29 are registered in Canada. They are engaged at
30 times in the Canadian coastal trade and at other



1 times in deep sea trade.

2 Irving Pulp & Paper Limited owns and operates
3 a pulp mill in the City of Lancaster.

4 All the parties on whose behalf this Brief
5 is filed, support in general the opinions and sub-
6 missions with respect to the coastal trade in
7 Canada, expressed in Briefs filed by, -

8 the Shipping Federation of Canada (#65)
9 the Canadian Ship Owners Association (#38)
10 the Canadian Pulp and Paper Association (#71)

11 and some 47 others listed who do not support the
12 enactment of restrictive measures.

13 The arguments and submissions advanced and
14 discussed may be appropriately divided into two
15 categories, -

- 16 (A) Those which relate to Trade and Commerce;
17 (B) Those which relate to preparedness in case
18 of national emergency, such as war.

19 (A) TRADE AND COMMERCE.

20 Canada as a whole, is presently one of the
21 most prosperous countries in the world. Its pros-
22 perity arises largely from the development of both
23 internal and foreign trade. Although as a nation,
24 it has a relatively small population, it has the
25 fourth largest foreign trade of all nations.

26 Any increase in costs of either production
27 or transportation of commodities will adversely
28 affect trade and may destroy it. (Trade today,
29 both foreign and domestic, is highly competitive.)

30 It is submitted that the existing laws with



1 respect to its coastal trade should not be varied
2 so as to restrict the same to ships both built and
3 registered in Canada, nor to ships built elsewhere
4 and registered in Canada, nor so as to require that
5 ships engaged in such trade must be maintained and/
6 or repaired in Canada.

7 All four of the ships managed by Kent Lines
8 Limited and referred to on page 1 of this Brief,
9 were built in Canada and are registered in Canada.
10 They would not be excluded from the coastal trade
11 of Canada, if, by legislation or otherwise, such
12 trade was restricted to ships both built and regis-
13 tered in Canada.

14 The parties filing this Brief have endeavour-
15 ed to consider the problems arising from a broad
16 and National point of view. However, some of the
17 submissions made in this Brief arise out of situa-
18 tions and conditions which may be peculiar to the
19 Atlantic Coast area.

20 It is apparent that the carrying service of
21 ships built and registered and repaired in Canada
22 has been largely priced out of the market in
23 world trade.

24 It is submitted that this situation has
25 arisen because, (a) the costs in many Canadian
26 shipyards in both time and money are high; (b) the
27 wage scale paid to crews in Canadian registered
28 ships are higher than in any other ships, except
29 those of the U.S.A.
30



1 For the purpose of considering its coastal
2 trade problems, Canada should be divided into three
3 areas, which roughly are:

4 (1) Atlantic Coast (Eastern area)

5 (2) Great Lakes, and Western end of St. Law-
6 rence River and their Canals (Central area)

7 (3) Pacific Coast (Western area)

8 This Central area is industrialized, and
9 such industrialization is being continued.

10 The Eastern area is not an industrial one,
11 and to a very large extent the articles in which it
12 trades are either its natural products or are pro-
13 ducts which it produces but which are not suitable
14 for consumption or ultimate use until they have
15 been further processed. The units of such products
16 are usually bulky and of comparatively small in-
17 trinsic value. There is no adequate local market
18 for them. In order that they be marketed elsewhere
19 it is essential that transportation costs be kept
20 low.

21 The Eastern area now has a considerable
22 volume of water-borne foreign trade in such ar-
23 ticles. It also has a very substantial water-
24 borne coastal trade.

25 In this Brief consideration will be given
26 largely to the Eastern area, with particular re-
27 ference to the Province of New Brunswick, "For-
28 eign Trade" in essence is a trade, or exchange of
29 a commodity of, or service by, one country, for
30



1 some commodity of, or service by, another country.

2 Foreign trade is usually referred to in
3 terms of some currency. However, in the final analy-
4 sis, the consideration for a quantity of Canadian
5 goods sold to someone in England, is a quantity of
6 goods and/or of service, received by someone in
7 Canada.

8 The Eastern area has a substantial export
9 trade with countries in the sterling block and in
10 particular with England. It is in the interests of
11 the Eastern area that ships of British register
12 should be permitted to engage freely in its coastal
13 trade.

14 If ships of British register are prevented
15 from engaging in the Canadian coastal trade, the
16 amount of credit in terms of earned dollars avail-
17 able to Britain for use in buying Canadian goods
18 would be diminished and in the long run Canada's
19 foreign trade would be correspondingly decreased.

20 CANADA'S COASTAL AND DEEP-SEA SHIPPING

21 Eastern area coastal shipping cannot be
22 properly considered disassociated from deep-sea
23 shipping. In this area coastal shipping requires
24 the use of sturdy well-built ships able to with-
25 stand open sea. Such ships differ to a varying
26 degree from vessels built for use in the central
27 area. As a rule the cost of construction of a
28 ship designed for use in the central area is con-
29 siderably less than the cost of construction of a
30



1 ship of like capacity built at the same time in
2 the same yard, but designed for use in the deep-sea
3 waters.

4 The operator of a Canadian ship engaged in
5 the coastal and foreign trade in the eastern area
6 must face competition burdened with certain costs
7 which are higher than those of his competitors.

- 8 1. Generally speaking, when a ship is built in
9 Canada the cost of construction is higher.
- 10 2. When repaired in Canada the costs of its re-
11 pairs are higher than like repairs made on a
12 ship most anywhere else.
- 13 3. If operating with a Canadian crew the opera-
14 ting costs insofar as wages are concerned are
15 higher than those of any other country, save
16 U.S.A.

17 These factors all militate against the abil-
18 ity of the ship operator to carry on operations in
19 the Canadian coastal area in competition not only
20 with other ships but in many places with railways
21 and with trucks. A ship must have a volume of
22 business carried at a rate sufficient to pay all
23 its costs.

24 To offset the above extra capital, mainten-
25 ance and operating costs the eastern area coastal
26 shipping in many cases carries on a twelve month
27 operation, trading coastwise as long as possible
28 and going in the foreign trade when necessary.
29 When in such trade it must compete with not only
30



1 British built and operated vessels but with the
2 most inexpensively constructed and operated ships
3 in the world.

4 PROBABLE EFFECTS OF RESTRICTIVE MEASURES
5 ON COASTAL TRADE

6 These parties submit that the imposition of
7 restrictive measures with respect to the ships en-
8 gaged in Canada's coastal trade will increase trans-
9 portation costs of such trade and decrease its vol-
10 ume and also decrease the total volume of Canadian
11 trade.

12 Some parties who advocate the enactment of
13 measures restricting the coastal trade of Canada to
14 Canadian ships, support their claims that so doing
15 will build up the Canadian coastal trade fleet, by
16 reference to the United States. That country res-
17 tricts its coastal trade to United States ships. It
18 appears, however, that such restrictive measures
19 have not increased its coastal fleet. They appear
20 to have had the opposite effect.

21 In the Brief of the Maritime Transportation
22 Commission #100, page 7, certain comparative figures
23 of the United States coastal trade are given for
24 the years 1939 and 1952. During this period (13
25 years) the carrying capacity of the United States
26 coastal dry cargo fleet was decreased by approxi-
27 mately 50% and the number of its ships engaged in
28 such trade was decreased by much more than 50%.

29 In Canada where such restrictive measures
30



1 have not been in force, its total coastal trade ap-
2 pears to have substantially increased during the
3 same period. (Brief #80 Exhibits 4 & 5)

4 NATIONAL DEFENCE

5 It is conceded that it is in the national in-
6 terest that an organization of shipbuilding and ship
7 repairing yards should be maintained so as to be
8 available for expansion in case of war.

9 It is however our submission that they should
10 not be maintained -

- 11 (1) to the extent urged by some proponents of res-
12 tricting the coastal trade to Canadian ships or
13 (2) by restrictive measures.

14 1. It is the understanding of the parties submit-
15 ting this Brief that on inquiry into the situation,
16 it was determined a few years ago that if a nucleus
17 of about 7,000 personnel were steadily employed in
18 the various yards throughout Canada, that such a num-
19 ber so employed would suffice to keep such yards
20 properly organized and available for rapid expan-
21 sion in case of outbreak of war or other emergency.
22 Brief #54 (Island Tug & Barge Limited) P. 1 and
23 #77 (Province of Manitoba) P. 9.

24 Table A Brief 101, page 8 (Canadian Catho-
25 lic Confederation of Labor) shows that the average
26 personnel employed in shipbuilding and ship repair
27 in 1938 was 3491; during the war it increased
28 (1943) to 75,847. The post war low (1950) was
29
30



1 11,836. But in 1953 it increased to 22,571 and in
2 1954 to 24,190.

3 Table 11 of the Brief of the Province of
4 British Columbia shows the same figures except that
5 no figures are shown for 1954.

6 The number employed in shipyards has never
7 since the war been below 7,000, in fact never below
8 10,000.

9 If and when it falls to near that figure
10 the matter of governmental assistance by way of
11 some kind of subsidy might be considered.

12 The construction of ships to be intended to
13 be employed by the Government for non-commercial
14 purposes or for the national defence is only men-
15 tioned. In times of war it is inevitable that
16 there should be inefficiency and high cost in con-
17 nection with the construction of such ships. That
18 should not necessarily be so in times of peace.
19 But whatever the cost is, the nation as a whole
20 should bear it.

21
22 COMMERCIAL SHIPPING DEVELOPED AS A NATIONAL
23 RESERVE IN CASE OF WAR

24 Commercial ships are primarily intended
25 for the development of the nation's trade. To pro-
26 mote such development, it is necessary that the
27 managers should be able to so operate them as to
28 meet competition.

29 If it becomes necessary that Canadian
30 shipbuilding and ship repair or Canadian ship



1 operators should receive assistance in order that
2 they and an adequate number of trained personnel
3 should be prepared and available in case of emer-
4 gency, such assistance should be provided by the
5 nation as a whole and at the national expense.

6 Prohibition or restriction of competition
7 is not the appropriate means to be used for
8 that purpose. To promote efficiency and reduce
9 costs it is essential that there should be compe-
10 tition in any business.

11 A monopoly is invariably inefficient and
12 expensive. There is no incentive for it to be
13 otherwise.

14 Assistance at the national expense can best
15 be supplied by some type of subsidy. Subsidies
16 might be with respect to either ship construction
17 and repair, or ship operation, or both.

18 As a matter of principle the parties sub-
19 mitting this Brief do not favour granting of sub-
20 sidies except in cases where it is essential that
21 a particular service be maintained in a certain
22 area, and the freight and passenger traffic in
23 that area is insufficient to pay the cost of such
24 service.

25 There are various types of subsidies.
26 One way in which some assistance might be given
27 to Canadian ships in some areas is with respect
28 to Canal Tolls. In general the use of Canadian
29 Canals is free to all ships without payment of
30



1 toll charges. It however appears that it is the
2 intent of the Canadian Government that ships using
3 the St. Lawrence Seaway should pay tolls for such
4 use. If ships using the St. Lawrence Seaway are
5 to be required to pay tolls, it is suggested con-
6 sideration might be given to

- 7 (a) requiring foreign ships to pay a higher toll
8 than that paid by a Canadian ship,
9 (b) requiring foreign ships to pay a toll for
10 the use of the Welland Canal and perhaps
11 other canals.

12
13 CANADIAN NATIONAL RAILWAYS

14 Adequate transportation facilities are es-
15 sential for the development of any area. In many
16 sections of the Eastern area water transportation
17 is the only means of conveyance. In other areas,
18 where there are other transportation facilities,
19 water transportation is the most suitable.

20 The Canadian National Railway is essentially
21 a subsidized transportation organization. The
22 country, as a whole, pays any deficit it incurs
23 in its operations.

24 It is no secret that the Canadian National
25 Railway in the East cannot be counted on to
26 supply transportation (making due allowance for
27 general economic changes and operating costs) on
28 a sound, continuous and steady rate basis; this
29 has been definitely demonstrated over the last
30 twenty years.

SHIPPING CONTROL AND POLICIES

Difficulty has been experienced in the Eastern area because there is only one shipping control which is located in Ottawa distant from the Eastern coastal area.

It is submitted that an Atlantic coastal control should be established and that it should be given full authority to deal with all situations which properly should be within Canadian control with respect to both coastal and deep-sea shipping in the Eastern area.

It is further submitted that the provisions of the statutes respecting shipping and the regulations made thereunder should be clarified and simplified. At present they are so obscure that no ship owner or prospective ship owner can be certain just what his rights are. A clear-cut policy in respect to the importation of ships to be placed under Canadian registry should be established.

CHIGNECTO CANAL.

The St. Lawrence Seaway is being developed so that goods can be transported relatively cheaply and without transshipment, to and from the central area, from and to the other areas and foreign countries.

Canada will spend very many millions of dollars in the construction of this work.

The parties to this brief advocate the



1 construction of a canal across the Chignecto Isthmus
2 joining New Brunswick and Nova Scotia, as a measure
3 which will benefit both the Canadian coastal
4 trade and its foreign trade. Various Commissions
5 have reported that this work is feasible. The last
6 such report was to the effect that it was not as
7 yet needed because there would not be sufficient
8 freight moving through it to justify the expendi-
9 ture involved.

10 However, since this report was made, three
11 major developments have been commenced.

- 12 (1) the development of a major iron ore industry
13 in Northern Quebec and Labrador,
14 (2) the development of a major base metal indus-
15 try in Northern New Brunswick,
16 (3) the construction of the St. Lawrence Seaway.

17 The construction of a Chignecto Canal will
18 substantially reduce the cost of transportation of
19 Labrador Iron Ore to certain areas in the Eastern
20 United States in which areas there is expected to
21 be a substantial demand for it.

22 It will also reduce the cost of transpor-
23 ting base metal ores and the products of such ores
24 from the Northern New Brunswick area. It will,
25 of course, reduce the cost of transportation of
26 goods between the central area and all parts of
27 the Eastern area north of Chignecto, to those
28 parts of New Brunswick, Nova Scotia and foreign
29 countries (particularly parts of the U.S.A.), south
30



1 and west of Chignecto.

2 Inasmuch as the people in Canada as a whole,
3 (including those in the Maritime Provinces) will
4 be obliged to spend many millions of dollars in
5 constructing this St. Lawrence Seaway (which will
6 enure largely to the benefit of the central area
7 and the Prairie Provinces) it is only reasonable
8 that Canada, as a whole, should pay the cost of
9 constructing a Chignecto Canal.

10 The desirability of the construction of such
11 canal is indicated in Brief #15 (Maritime Marine
12 Workers Federation) and in the evidence given at
13 the hearing in Saint John by Mr. Colin MacKay,
14 pages 1439-40 and Mr. J.M. Foster, page 1514.
15 It very probably has been referred to in the evi-
16 dence of parties who made representations at hear-
17 ings held in other points in the eastern area.

18 The prompt construction of the Chignecto
19 Canal was a definite promise made to the three
20 Maritime Provinces by the representatives of Ontario
21 and Quebec prior to Confederation. It was the
22 opinion of New Brunswick Statesmen of that day
23 expressed in the 1860's that New Brunswick would
24 not have entered into Confederation if the con-
25 struction of the canal had not been so promised.
26 That this promise was made was not denied by the
27 then Ontario or Quebec representatives. The whole
28 subject is available for study by members of
29
30



1 this Commission in two (2) booklets prepared for
2 consideration in 1950 entitled "The Story of the
3 Chignecto Barrier", and "The case for the Chignecto
4 Canal".

5 The following dates and events are important:

- 6 1850 - Francis Hall Commission. Report favourable.
7 1864 - Canal discussed at Quebec Conference. Con-
8 struction agreed to.
9 1866 - Canal discussed at London Conference. Con-
struction agreed to.
10 1871 - Sir Hugh Allan Commission. Report favourable.
11 Immediate construction recommended as essen-
12 tial to welfare and development of whole
country.
13 1872 - Order in Council adopts recommendation for
construction.
14 1873 - Tenders for construction of Canal called.
15 1874 - Canal construction included in speech from the
16 Throne.
17 1875 - Hon. John Young Commission. Report critical.
18 1886 - Senators Dickie and Botsford confirm Confeder-
19 ation promise.
20 1933 - Arthur Surveyer Commission. Report recommend-
21 ed further examination in the light of future
development in Canada's economic situation.

22 A rough analysis of Briefs Nos. 1 - 111, sub-
23 mitted to your Commission, shows that:

24 PARTICULAR PROBLEMS

25 A number of such Briefs deal with special
26 problems in particular areas, e.g.,

27 Brief No. 20, George Nicholson, urges better boat
28 service for the West Coast of Vancouver.

29 Brief No. 24, of Grand Manan Board of Trade, urges
30 survey of requirements of the Island of



1 Grand Manan.

2 Brief No. 29, West Point Ferries Limited, urges
3 the inauguration of a ferry service between
4 West Point, P.E.I. and Buctouche, N.B.

5 Brief No. 31, Parrsboro and District Board of Trade,
6 urges for restoration of Minas Basin Ferry
7 Service.

8 PROPONENTS OF RESTRICTIONS

9 About 50 of such Briefs support the submis-
10 sion that the coastal trade of Canada be further
11 restricted.

12 They do not all urge the enactment of the
13 same restrictive measures, -

14 (a) Some urge that steps be taken to restrict
15 such trade to ships built in Canada, and registered
16 in Canada and repaired and maintained in Canada;

17 (b) Others urge that appropriate steps be taken
18 to restrict such trade to Canadian built and regis-
19 tered ships and British ships registered in Canada,
20 etc.

21 The Briefs which support the imposition of
22 some such restrictive measures may be classified
23 as follows, -

24 8 Briefs - Nos. 63, 64, 73, 81, 82, 102 and 102,
25 filed by Shipbuilding or ship repair organi-
26 zations;

27 16 Briefs- Nos. 1, 5, 7, 18, 23, 32, 33, 39, 43,
28 69, 68, 81, 86, 88, 99 and 106, filed by
29 companies, etc., which supply articles or
30



materials used in ship construction or repair;
9 Briefs - Nos. 3, 15, 16, 34, 36, 51, 75, 101 and
107, filed by various labour organizations,
some members of which are employed on ships
or in shipbuilding or ship repairing, or in
industries which supply parts or materials
for ships, etc.

17 Briefs - filed by other organizations, etc., of
which some own or operate ships, and some are
Boards of Trade, etc., in certain areas.

Such Briefs filed by Boards of Trade, etc.,
are, -

No. 27 - Owen Sound Chamber of Commerce.

No. 30 - Industrial Commission of Simcoe County.

No. 35 - Port Arthur Chamber of Commerce.

No. 53 - Association of Ontario Mayors and Reeves.

No. 84 - St. Lawrence Municipal Bureau of City of
Montreal.

No. 89 - Quebec Board of Trade

No. 110 - City of Three Rivers.

With the exception of the Association of
Mayors and Reeves, all these are Boards of Trade,
etc., of areas in which, or adjacent to which,
shipbuilding and ship repairing yards are located.

OPPONENTS OF RESTRICTIONS

About 50 of such Briefs, either do not
support, or actually oppose, the submissions made
and supported by the Proponents of Restrictions.

They may be classified as follows, -

5 Briefs filed by Provincial Governments - Nos. 2,



1 Alberta; 56, Newfoundland; 77, Manitoba; 90,
2 Saskatchewan, and 111, British Columbia.

3 1 Brief filed by a City Corporation, No. 46, Fort
4 William

5 5 Briefs filed by Boards of Trade, etc., Nos. 47,
6 Windsor; 50, Toronto; 61, Hamilton; 72,
7 Burin District, Newfoundland; and 96, Winni-
8 peg.

9 3 Briefs filed by Associations which have to do with
10 transportation, Nos. 58, Hudson Bay Route
11 Association; 76, Newfoundland Committee on
12 Coastal Shipping, and 100, Maritime Trans-
13 portation Commission.

14 1 Brief, No. 52, filed by Canadian Industrial
15 Preparedness Association.

16 16 Briefs, Nos. 8, 11, 17, 37, 40, 41, 42, 45, 48,
17 55, 59, 69, 71, 94, 105 and 108, filed by
18 Manufacturing and Trading Companies and
19 organizations.

20 19 Briefs, Nos. 6, 13, 14, 19, 22, 25, 26, 38, 44,
21 54, 62, 65, 66, 67, 70, 85, 91, 97 and 109,
22 filed by Shipping Companies and Shipping
23 Organizations or Shipping Agents.

24 Not one Provincial Government is a proponent
25 of restrictive measures. The five Provincial Govern-
26 ments which files Briefs, do not support the enact-
27 ment of such measures.

28 It is but natural that each private busi-
29 ness, etc., should endeavour to promote its own
30 private interests, and should advocate the creation
of conditions which it considers will promote
such interests.

On the other hand, Governmental Bodies
would be expected to advocate the creation or con-
tinuation of conditions which they believe would
be in the overall best interests of the majority
of its people and of the businesses carried on



1 within its limits.

2 It is a fair inference that in none of the
3 Provinces do its responsible Ministers consider
4 that measures restricting the coastal trade of
5 Canada to ships built and registered in Canada, etc.
6 would enure to the benefit of that Province as a
7 whole.

8
9 KENT LINES LIMITED

10 BRUNSWICK MOTORS LIMITED

11 IRVING PULP & PAPER LIMITED

12
13 BY: J.A. Reed
14 Counsel

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18 -----
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EXHIBIT NO. 166

<u>PROGRESS OF NEWFOUNDLAND COMPARED WITH</u> <u>PROGRESS ACHIEVED ELSEWHERE IN CANADA.</u>					
<u>Totals of Personal Income</u> <u>(millions of dollars)</u>					
	<u>Nfld.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Canada.</u>
1949	\$163	\$ 51	\$449	\$315	\$12,757
1950	175	57	485	343	13,417
1951	206	60	503	376	15,693
1952	229	71	564	408	17,214
1953	243	66	599	416	18,156
1954	254	68	617	435	18,173
Increase 1949-54	55.8%	33.3%	37.4%	38.1%	42.5%



		Population (thousands)				
		<u>Nfld.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Canada</u>
1949		345	94	629	508	13,447
1950		351	96	638	512	13,712
1951		361	98	643	516	14,009
1952		374	103	653	526	14,430
1953		383	106	663	536	14,781
1954		398	105	673	547	15,195
Increase 1949-54		15.4%	11.7%	7.0%	7.7%	13.0%
Personal Income Per Head						
1949		<u>Nfld.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Canada</u>
1954		\$472.46	\$542.55	\$713.83	\$620.07	\$ 948.69
		638.19	647.61	916.79	795.24	1,195.99
Increase 1949-54		35.1%	19.4%	28.4%	28.3%	26.1%
Sources:	(1) D.B.S. National Accounts, Income and Expenditure, 1955.					
	(2) D.B.S. Canadian Statistical Review.					
Id/McL November 2nd, 1955						



1 ---Exhibit No. 167: Letter to Royal Commission on
2 Coasting Trade from The Canad-
3 ian Fairbanks-Morse Company
4 Limited, dated November 9, 1955.

5 EXHIBIT NO. 167

6 THE CANADIAN FAIRBANKS-MORSE COMPANY LIMITED
7 980 St. Antoine Street
8 MONTREAL 3

9 November 9, 1955.

10 Royal Commission on Coasting Trade,
11 490 Sussex Street,
12 Ottawa,
13 Ont.

14 Attention Mr. G. G. McLeod, Secretary

15 Gentlemen;

16 At the hearing of your Commission, in Montreal,
17 the writer appeared, on October 5th.

18 At that time the writer was requested to
19 inform the Commission what percentage the machinery
20 for ships comprised of the total value of shipments
21 from the plant of Canadian Locomotive Company, King-
22 ston, Ont., which is controlled by the Canadian
23 Fairbanks Morse Co. Limited, and Fairbanks, Morse
24 & Co., Chicago. At that time we could not give
25 you an exact figure and the Commission stated
26 that we could write to them giving this informa-
27 tion.

28 We wish to again state that we manufacture
29 Fairbanks Morse Diesel marine engines at the above
30 mentioned plant. These units can be used as the
main propelling engines for coastal vessels and



1 other ships. In 1954 the value of engines of this
2 type, manufactured at Kingston, amounted to 4.4%
3 of the total value of manufactures at that plant.
4 In 1955, to September 30th, the value of marine
5 engines manufactured will be approximately 3%.

6 In the third paragraph, page 5 of our Brief,
7 we stated that the Canadian Locomotive Co. Limited
8 could produce sufficient marine engines to equip
9 75 new medium size cargo vessels per annum. On
10 this basis, if this plant was worked to full capa-
11 city in their marine Diesel engine section, the
12 value of marine engines then manufactured at the
13 Canadian Locomotive Company, to September 30th of
14 this year, would be 15.54% of the total output of
15 the plant.

16 We trust this will give you the information
17 which the Commission requested in this regard.

18 Yours very truly,

19 THE CANADIAN FAIRBANKS-MORSE CO. LIMITED

20 (sgd.) G. R. Wyer

21 Executive Vice President.

22 GRWyer/b
23
24
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1 ---Exhibit No. 169: Letter from Algoma Steel
2 Corporation, Limited, Sault
3 Ste. Marie, to The Hon. Mr.
4 Justice W.F. Spence, dated
5 November 4, 1955.

6 EXHIBIT NO. 169

7 ALGOMA STEEL CORPORATION, LIMITED
8 SAULT STE. MARIE,
9 Ontario.

10 November 4th, 1955.

11 The Honourable Mr. Justice W.F. Spence,
12 Chairman,
13 Royal Commission on Coasting Trade,
14 490 Sussex Street,
15 Ottawa, Ontario

16 Dear Sir:

17 Pursuant to my appearance in Midland on
18 October 25th, the Commission requested that I sub-
19 mit figures with reference to the steel Algoma sells
20 to the shipbuilding industry.

21 In the last 15 years our direct iron and
22 steel sales to the shipbuilding industry have aver-
23 aged \$476,000 per year and in that time have varied
24 from a high of \$1,464,214 in 1952 to a low of
25 \$143,290 in 1954. In this same period, the rela-
26 tion of iron and steel supplied the shipbuilding
27 industry to our domestic sales of iron and steel,
28 has varied from a low of about .5% to a high of
29 about 2.5%.

30 Since 1948, the Dominion Bureau of Sta-
tistics has published figures relating to the
total supply of steel direct to the shipbuilding
industry by all Canadian producers. This tonnage



1 has varied from 15,733 net tons per year to 54,792
2 net tons per year.

3 It is impossible to determine from any
4 statistics we have available the amount of steel
5 actually entering into ship construction as a great
6 deal of tonnage is sold to ancillary suppliers.

7 We have been trying to find a way of presen-
8 ting the clearest possible picture of the iron and
9 coal movement as it is required by a basic steel
10 producer in response to Mr. Gerin-Lajoie's question.
11 In this connection, enclosed are three photographs
12 for the Commission's information.

13 The first picture, marked "A", shows our
14 dock with ore unloading bridges in the foreground
15 and coal unloading bridges in the background. Three
16 ships are here being unloaded at the same time and
17 the fourth is awaiting berth at the coal dock.
18 This is not a favourable condition but is neverthe-
19 less not unusual and is illustrative of the close
20 co-operation necessary between shipper and consignee
21 in the Lakes trade.

22 The second picture, marked "B", was taken
23 at the very beginning of the season when the ore
24 yard was relatively empty and shows the unloading
25 operation. These same bridges service the
26 Blast Furnaces which are located to the right of
27 the dock shown here.

28 The third picture, marked "C", is a general
29 view of our Works at Sault Ste. Marie. The
30



1 transparent overlay has been marked to show the
2 various iron and steel making materials shipped in
3 by lake carrier and probably is the best answer to
4 Mr. Gerin-Lajoie's question as to why we must
5 schedule boats intermittently and yet must have
6 them available with closest co-operation.

7 Shown on the picture are twelve different
8 materials from nine different Lake ports with limi-
9 ted storage room for each material. The co-ordina-
10 tion of (1) material consumption rates in our Plant,
11 (2) storage room available, (3) vessel floating
12 capacity available, and (4) availability of mater-
13 ials at port of origin, offer a bewildering number
14 of variables in achieving efficient vessel movement.

15 It is manifestly of highest importance that
16 the Canadian vessel fleet not be weakened by com-
17 petition of British ships in any lake movement if
18 a requisite degree of efficiency is to be maintained.

19 Yours sincerely,

20 ALGOMA STEEL CORPORATION, LIMITED

21 (sgd.) D.S. Holbrook

22 Executive Vice President

23 DSH/S
24 encls.

25

26

27

28

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-- Exhibit No. 170: Letter from Union Steamships Limited to the Secretary of the Commission attaching information on their present fleet, Articles of Agreement, Daily Operating costs, etc.

EXHIBIT NO. 170

UNION STEAMSHIPS LIMITED

Head Office and Pier
Foot of Carrall St.
VANCOUVER 4, Canada.

November 3, 1955.

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Mr. McLeod:

I am enclosing the information which was requested of me when I appeared before the Royal Commission on September 1st. at Vancouver. The information supplied is as follows:-

Schedule A

Particulars of our present fleet showing tonnages and other data, in addition to which we have supplied the particulars of the M.V. "Lady Rose" which was built for this Company in 1937 and subsequently sold.

Schedule B

Photostatic copy of our Articles of Agreement with the Canadian Maritime



1 Commission.

2 Schedule C

3 Statement showing the daily operating
4 costs of the vessels of our fleet during
5 the year 1954.

6 In connection with our wage
7 costs, the following may be of interest
8 to you:-

9 Of the total ships' operating expenses
10 (excluding over-head and depreciation),
11 wage costs represent the following per-
12 centages:-

13 Passenger cargo ships	47.4%
14 Cargo ships	32.2%

15 In all operations of this Com-
16 pany wage costs represent 41.3% of rev-
17 enue and 41.6% of expenses.

18 Schedule D

19 Statement of tonnage of cargo and number
20 of passengers transported between various
21 areas by our service during 1954.

22 I would like to offer the following com-
23 ments relative to our Briefs and in connection
24 with various matters on which I was questioned
25 before the Commission:-

26 Operating Costs and Freight and Fare In-
27 creases.

28 Between 1941 and 1954 the operating
29 costs of our ships have increased be-
30 tween 275% and 300%. Prior to 1939



1 freight and fares charged on the B.C. Coast had
2 been at one level for a great many years. Since
3 the outbreak of war in 1939 operating costs have
4 skyrocketed. During the period of price control,
5 the Wartime Prices and Trade Board rejected app-
6 lications made by the Steamship companies for
7 rate increases. These factors had serious conse-
8 quences upon the financial condition of the in-
9 dustry as a whole. The first increase in
10 passenger fares took place in 1946 and since
11 then the total of all increases has been
12 approximately 75%. The first freight rate
13 increase took place on June 1, 1948 and
14 since then the total of all increases has
15 amounted to approximately 70%. In view of
16 the steep increase in operating costs, the
17 amount of these rate increases is relatively
18 small and yet competition from airlines,
19 tugs and barges, etc., limits the extent to
20 which such rates can be increased.

21
22 I would like to offer the following comments
23 in connection with our recommendations:-

24 JUNE 29TH - BRIEF

25
26 Recommendation 1

27 This has reference to construction and
28 conversion carried out in Canada.

29 Recommendation 3

30 Sufficient relief in connection with



1 existing regulations has now been pro-
2 vided.

3 Recommendation 5

4 The subsidy paid to this Company under
5 annual Subsidy Contracts has been predicated
6 on our maintaining regular service to speci-
7 fied ports of call along the British Columbia
8 Coast on certain of the routes served by our
9 combination passenger-cargo vessels. The
10 amount of annual subsidy is determined by the
11 Canadian Maritime Commission and is arrived at
12 in advance by estimating the overall loss for
13 the year on the routes concerned. Early in
14 the year we prepare statements of estimated
15 revenues and expenditures for the operation of
16 the vessels on these routes. These figures
17 are checked by the Maritime Commission and
18 amended if deemed necessary. The subsidy is
19 then based on the overall estimated loss for
20 the year on the routes involved.

21 The concept of subsidy which underlies
22 the utilization of this system is that such a
23 payment is made to provide for essential regu-
24 lar passenger, mail, and cargo service to ports
25 on the B.C. Coast and the amount of subsidy
26 is predicated on offsetting an overall loss
27 on the routes collectively.

28 This method of subsidizing does pro-
29 vide financial relief but we are not satisfied
30



1 that it is the ideal method to employ.

2 Our opinion as to the most desirable system
3 of subsidy payment is a system that will:-

4 (a) Encourage progressive thinking.

5 (b) Encourage the conducting of opera-
6 tions on the soundest business basis pos-
7 sible.

8 (c) Permit sufficient returns to the
9 operator to provide for the replacement
10 of tonnage with the most economically
11 operated and most appropriate units for
12 the service to be performed (as existing
13 units become old and obsolete).

14 The Canadian Maritime Commission is most
15 co-operative and considerate of our problems. We
16 anticipate making an early submission to the
17 Commission which may be beneficial to all con-
18 cerned. While our ideas have not as yet been
19 fully developed, we have reason to believe that
20 our proposal (which involves a somewhat differ-
21 ent basis of subsidization) may provide the
22 means of improving our overall operating results
23 to the extent that we will be able to progress,
24 to acquire more modern tonnage and thereby to
25 operate economically. The net result would be
26 a gradual and eventually substantial decrease
27 in the total subsidy payments required, as the
28 B.C. Coast is developing rapidly and this should
29 favourably affect operations as a whole.
30



1 Recommendation 7

2 This recommendation might be most easily
3 carried out if it is possible to arrange with
4 the U.S. Government that certain points in
5 South Eastern Alaska be designated free port
6 areas.

7 AUGUST 29, 1955 - BRIEF

8 Item 2 - Park A(1)

9 We have no objection to licencing under
10 the provisions of the Transport Act nor to the
11 regulation of passenger fares provided Airline
12 fares are also regulated by the same authority
13 regulating our passenger fares, but we are op-
14 posed to the regulation of freight rates for
15 the reasons already stated.

16 Item 2 - Part C

17 In connection with our proposal which
18 favours the restriction of the Coastal trade to
19 vessels owned by Canadian citizens in which we
20 proposed that if the owner was a body corporate
21 that 75% of the shares of the body corporate
22 be owned by Canadian citizens, etc., and in con-
23 nection with the fact that apparently this
24 would restrict the Canadian Pacific Railway
25 Company, we would suggest that this problem
26 could be solved by either of the following
27 means:-

- 28 (a) If such a restriction were estab-
29 lished by exempting Transcontinental
30



1 Railways from this provision, or.

2 (b) By exempting any persons or com-
3 panies participating in the Coastal
4 trade who are participating at the time
5 of the restriction coming into force.

7 Yours very truly,

8 UNION STEAMSHIPS LIMITED,

9 (sgd.) J.F. Ellis

10 General Manager

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12 JFE:m
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UNION STEAMSHIPS LIMITEDSCHEDULE "A"

<u>Tonnage of Fleet, and Date, Place Built</u>				<u>Built in U.K. (or elsewhere)</u>	<u>Notes</u>
<u>Gross Tonnage</u>	<u>Net Register Tonnage</u>	<u>Built in Canada</u>			
(A) Combination Passenger-Cargo Vessels					
S.S. "Coquitlam"	1833	990	1943 Converted at West Coast Ship- builders, Vancouver, 1946	-	Ex H.M.C.S. "Leaside"
S.S. "Camosun"	1835	990	1943 Converted at Burrard Ship- yards, North Vancouver, 1946	-	Ex H.M.C.S. "St. Thomas"
S.S. "Chilcotin"	1837	990	1943 Converted at West Coast Ship- builders, Vancouver, 1947	-	Ex H.M.C.S. "Hesperley"



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		<u>SCHEDULE (A) cont'd</u>		<u>Notes</u>
		<u>Gross Tonnage</u>	<u>Net Register Tonnage</u>	
				<u>Built in U.K. (or elsewhere)</u>
S.S. "Catala"	1476	851	-	1925 Coaster Construction Co., Montrose, Scotland.
S.S. "Cardena"	1559	842	-	1925 Napier & Miller, Greenock, Scotland.
S.S. "Lady Cynthia"	976	390	-	1919 Converted 1925 Coaster Construction Co., Montrose, Scotland.
S.S. "Lady Alexandra"	1396	678	-	1924 Coaster Construction Co., Montrose, Scotland.
(B) <u>Cargo Vessels</u>				
S.S. "Chilkoot"	1336	782	1945 Completed Victoria Machinery Depot, Victoria, B.C.	Incomplete China Coaster taken over at Victoria

Not in present
service

Ex H.M.C.S.
"Barnstaple"



(B) cont'd

	Gross Tonnage	Net Register Tonnage	Built in Canada	Built in U.K. (or elsewhere)	Notes
M.S. "Cassiar"	1335	971	1946	-	Purchased 1951 from Blue Peter Steamships, Montreal.
M.S. "Chilliwack"	592	285	-	1920 - Built in Nor- way. Purchased from B.C. Cement Co. Ltd. 1944.	Ex M.S. "Island King"
M.S. "Capitano"	539	317	1945 Built at Port Arthur Arthur Shipbuilding Co., Port Arthur, Ont. Purchased 1951 from Canada Transport Co.	-	Ex M.S. "Ottawa May- ferry" and "City of Belleville"
M.S. "Chenega"	377	179	-	1916 - Built in Seattle, Washington, U.S.A. Purchased in Vancouver 1954.	Ex M.S. "Northern Express" Re-engined in Vancouver, 1952.
S.S. "Eastholm"	174	85	1913 - Built by Moscrop, Vancouver	-	Purchased 1917. Not in present service.

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(c)	Gross		Capacity	Built in Canada		Built in U.K. (or elsewhere)	Notes
Bulk Carriers	Tonnage	Tonnage					
"Union No. 1"	919	1600	(as barge) short tons	1919	Fort William. Converted 1950	-	Ex. S.S. "Southholm"
"Union No. 2"	2292	2700	(as barge) short tons	-	-	Built in Stockton, Ex. U.S.N. Barge Cal.U.S.A. 1945	
"Taku" (jointly owned unit)	1436	2000	(as barge) short tons	1913	Built B.C. Maritime Ry. Co., Victoria, B.C. Converted to Barge 1953.	-	Ex S.S. "Princess Maguina"
(D)	Gross Tonnage	Net Register Tonnage			Built in U.K.		Notes
Other Passenger Vessels							
"Lady Rose"	199	110			Built by A. & J. Inglis Ltd., Glasgow, Scotland, 1937 (launched as "Lady Sylvia")		Sold in Canada in 1951

GAR/ahb
September 20, 1955.

GAR/dhb
September 20, 1955.

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CMC-17-1

Contract No. 18

File No. SS.Sub. 001.7.

Expires March 31, 1956.

ARTICLES OF AGREEMENT

made as of the FIRST day of APRIL 1955.

BETWEEN the CANADIAN MARITIME COMMISSION (hereinafter called the "Commission"), acting for and on behalf of Her Majesty the Queen in right of Canada (hereinafter called "Her Majesty")

OF THE FIRST PART

and

UNION STEAMSHIPS LIMITED, VANCOUVER, BRITISH COLUMBIA,
(hereinafter called the "Contractor")

OF THE SECOND PART

WITNESSETH, that the parties hereto agree as follows:

Interpretation 1. In this contract the following words and expressions shall, unless the context requires a different meaning, have the following meanings, respectively, that is to say:

(a) "subsidized service" means the ^{service or} services performed or required to be performed by the Contractor;

(b) "subsidized vessel" means the vessel or vessels employed or required to be employed by the Contractor in the performance of the subsidized service and extends to any vessel or



1 vessels which may be substituted therefor in
2 accordance with the provisions hereof;

3 (c) the singular number, where used here-
4 in, shall include the plural and vice versa.

5 Service. 2. (a) The CONTRACTOR AGREES on the
6 first day of April 1955 and thereafter up to
7 and including the 31st day of March 1956, to
8 place and maintain in service, according to the
9 schedules hereinafter specified, the following
10 steamships, namely, the S/S "CATALA", 1475 gross
11 tons, "CARDENA", 1959 gross tons, "CAMOSUN",
12 1835 gross tons, "COQUITLAM", 1833 gross tons
13 and "CHILCOTIN", 1835 gross tons, or subject to
14 the approval of the Commission other vessels
15 which are satisfactory to the Commission and
16 which will adequately and properly perform the
17 service hereby agreed to be performed.

18 (b) The minimum service to be per-
19 formed shall consist of regular sailings through-
20 out the year from Vancouver to ports in Northern
21 British Columbia and the Queen Charlotte Islands,
22 on the routes designated in the Union Steamship
23 Limited's published sailing guide as Routes 1,
24 2, 3, 4 (seasonal) and 5, calling at the fol-
25 lowing ports at the frequency stated herein-
26 after.

27 (see following page)
28
29
30



		<u>Frequency of calls</u>	
<u>Port of Call</u>		<u>Minimum Winter</u>	<u>Minimum Summer</u>
Alert Bay		Two per week (each way)	Two per week (each way)
Alice Arm		One per week (one way)	One per week (one way)
Allison Harbour		One per fortnight (one way)	One per fortnight (one way)
Beaver Cove (See notes (2) & (7))		One per week (one way)	One per week (one way)
Bella Bella Cannery		One per week (each way)	One per week (each way)
New Bella Bella		One per week (one way)	One per week (one way)
Bella Coola		One per week (one way)	One per week (one way)
Boswell Cannery (Smiths Inlet)		One per fortnight or approved connection via Rivers Inlet or Naman	(One per fortnight or approved) (connection via Rivers Inlet or (Naman.)
Bull Harbour		One per fortnight (one way) by passenger or freight vessel.	One per fortnight (one way) by passenger or freight vessel.
Butedale		One per week (each way)	One per week (each way)
Charles River Kingcome Inlet		Call authorized subject to operation of camp and by arrangement.	
		Call authorized. Subject to operation of camp and by arrangement.	



<u>Port of Call</u>	<u>Minimum Winter</u>	<u>Minimum Summer</u>
Cumshewa Inlet Q.C.I. (Aero Timber Co.) (See note (1)) (Beattie Anchorage) (See Notes (1) & (2))	One per fortnight one per fortnight one per fortnight	One per fortnight One per fortnight (one way)
(Morseby Camp) (See notes (1) & (2))	One per fortnight	One per fortnight (one way)
Dawsons Landing (Rivers Inlet)	One per fortnight	One per week (one way)
Echo Bay (See note (2))	One per week	One per week (one way)
Inglewood	Two per week	Two per week (each way)
Goose Bay (Rivers Inlet) via Wadhams or Dawsons		One per week
Hartley Bay (See note (5))	One per month	One per month (one way)
Hayden Bay (See note (2)) (Loughborough Inlet)	One per fortnight	One per fortnight (one way)
Kamano	Service via Kitimat. Direct call by arrangement when business warrants.	Service via Kitimat. Direct call by arrangement when business warrants.



<u>Port of Call</u>	<u>Minimum Winter</u>		<u>Minimum Summer</u>	
Kincolith	One per fortnight	(one way)	One per week	(one way)
Kitimat	Two per week	(each way)	Two per week	(each way)
Klemtun (See note (6))	One per week	(one way)	One per week	(each way)
Knight Inlet	Call authorized subject to operation of camp and by arrangement.			
Margaret Bay	One per fortnight via Boswell approved connection via Rivers Inlet or Namu.			
Masset (See note (1))	One per fortnight	(each way)	One per fortnight	(each way)
Minstrel Island	One per week	(each way)	One per week	(each way)
Namu	Two per week	(each way)	Two per week	(each way)
Ocean Falls	One per week	(each way)	One per week	(each way)
Port Clements (See note (1))	One per fortnight	(one way)	One per fortnight	(one way)
Port Hardy	Two per week	(each way)	Two per week	(each way)



<u>Port of Call</u>	<u>Minimum Winter</u>	<u>Minimum Summer</u>
Port McNeil (See note (8))	(Two per week (One per week	Two per week One per week
Port Neville	One per week	One per week
Port Simpson	One per week	One per week
Prince Rupert	Two per week	Two per week
Queen Charlotte City (See note (1))	One per fortnight	One per fortnight
Rivers Inlet Canneries (See note (3))	(One per fortnight (via Wadhams or Dawsons	One per week When canneries are in operation via Wadhams or Dawsons.
Sandspit (See note (1))	One per fortnight	One per fortnight
Shannon Bay (Masset Inlet) (See notes (1) & (2))	One per fortnight	One per fortnight
Sheel Bay	One per week	One per week
Simoon Sound for (Kingsome Inlet)	One per week	One per week



<u>Port of Call</u>		<u>Minimum Winter</u>	<u>Minimum Summer</u>
Skeena River Canneries (See note (4))	via Prince Rupert		(By arrangement with freight steamer as (traffic warrants to canneries in (operation.
Skidgate (See note (1)	One per fortnight	(one way)	One per fortnight (one way)
Scintula (See note (2))	(Two per week (One per week	(Northbound) (Southbound)	Two per week One per week (Northbound) (Southbound)
Stewart (Portland Canal)	One per week	(one way)	One per week (one way)
Sullivan Bay	One per week	(one way)	One per week (each way)
Tall_bee	Service via Bella Coola		One per week (one way) (By arrangement during (cannery season.
Telegraph Cove (See note (7))	One per fortnight	(one way)	One per fortnight (one way)
Thompson Sound (?? Camp) (See note (2))	One per week	(one way)	One per week (one way)
Wadhams (Rivers Inlet)	One per fortnight	(one way)	One per week (one way)

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1 NOTES:-

2 (1) Subject to interim continuance of pre-
3 sent service as stated until further notice;
4 the following alternative to be provided as a
5 minimum for winter and summer "One per fortnight
6 one way" by freight steamer and approved pas-
7 senger connection arrangements.

8 (2) Regular schedule subject to active opera-
9 tion of camp in area concerned.

10 (3) Rivers Inlet Canneries: Wadhams, Dawsons
11 Landing, R.I.C., Duncanby Landing,
12 Goose Bay, Good Hope, Beaver, Kil-
13 dala.

14 (4) Skeena River Canneries: Carlisle, Cas-
15 siar, Inverness, North Pacific
16 and Sunnyside (for Claxton).

17 (5) Subject to residence of Indian population
18 in summer period.

19 (6) Additional freight service North or
20 Southbound by arrangement in summer period.

21 (7) Service via Englewood only during over-
22 haul period.

23 (8) During the operation of Route 4 (season-
24 al), minimum summer service may be revised by
25 arrangement to (Two calls per week
26 ((including One Terminal call).

27 Expiry 3. This contract shall remain in
28 force until the 31st day of March 1956 unless
29 previously terminated by the Commission or
30



1 otherwise as herein provided.

2 Subsidy. 4. In consideration of the perfor-
3 mance of the subsidized service by the Contrac-
4 tor and subject as hereinafter provided, Her
5 Majesty agrees to pay to the Contractor a sub-
6 sidy, as follows:- Three Hundred and Twenty-
7 five Thousand Dollars (\$325,000.00) payable in
8 11 equal monthly instalments of Twenty-seven
9 Thousand and Eighty-Three Dollars (\$27,083.00)
10 on the last day of each month from April 1955
11 to February 1956 inclusive and a final payment
12 of Twenty-seven Thousand and Eighty-seven Dol-
13 lars (\$27,087.00) on the last day of March 1956,
14 as earned.

15 Deductions. 5. If in the opinion of the Com-
16 mission the Contractor through his own default
17 in any period in respect of which subsidy is
18 payable fails to make or complete all the trips
19 required hereunder, the Commission may deduct
20 from the subsidy or any instalment thereof such
21 sum as the Commission may determine, not exceed-
22 ing, however, an amount which bears the same
23 proportion to the total subsidy payable for
24 such period as the number of trips which were
25 not made or not completed bears to the total
26 number of trips required to be made in such per-
27 iod.

28
29 Certificates under
30 Canada Shipping Act. 6. Subsidy is payable only





1 in respect of such subsidized vessel as shall
2 have complied with all applicable provisions of
3 the Canada Shipping Act and the regulations there-
4 under, including, in the case of a passenger
5 carrying vessel, possession of a valid and sub-
6 sisting passenger licence in accordance with the
7 Canada Shipping Act.

8 Equipment. 7. The subsidized vessel shall at
9 all times while employed on the subsidized service
10 be fully seaworthy, well officered, manned, vic-
11 tualled, equipped, provided and furnished, hav-
12 ing regard to the service to be performed, and
13 shall have ample and suitable accommodation for
14 the passengers, mails and freight to be carried
15 over the route or routes specified; and shall
16 at all times carry boats, lifesaving appliances
17 and fire fighting equipment required by law, and
18 shall be in all respects satisfactory to the
19 Commission.
20

21 Wages. 8. All officers and men and other
22 persons employed in the subsidized vessel shall
23 be paid such wages as are generally accepted as
24 current from time to time during the continu-
25 ance of this contract, for competent employees
26 in the district in which the subsidized service
27 is being performed, for the character or class
28 of work in which they are respectively en-
29 gaged.
30



1 Canadian Citizens or Persons
2 of Canadian Domicile. 9. Unless otherwise
3 authorized in writing by the Commission, the
4 crew from time to time engaged in the subsidized
5 vessel throughout the performance of this con-
6 tract shall be Canadian citizens or persons
7 of Canadian domicile.

8 Proviso as
9 to Mails. 10. Acceptance of subsidy shall not
10 prevent the Contractor from contracting for the
11 carriage of mails in the subsidized vessel upon
12 such terms and conditions not inconsistent here-
13 with, and for such consideration as may be
14 agreed upon between the Contractor and the appro-
15 priate Department of the Government of Canada,
16 and forthwith after the making of any such con-
17 tract the Contractor shall notify the Commission
18 thereof. In the event of any such contract being
19 entered into the Contractor shall comply with all
20 the terms and conditions thereof, and upon
21 failure of the Contractor so to do the Commis-
22 sion shall be entitled in its discretion to
23 deduct from the subsidy any costs, charges or
24 expenses incurred by Her Majesty in providing
25 substitutional transportation for such mails.

26 And also in such event the subsidized
27 vessel shall be provided with sufficient and
28 convenient accommodation and protection for all
29 such mails to the satisfaction of the Honourable
30 the Postmaster General of Canada for the time



1 being, and the Contractor shall further take all
2 reasonable and necessary precautions for the
3 protection of such mails while upon subsidized
4 vessel or while in the Contractor's charge or
5 custody from loss, damage, or injury in any way.

6 Restriction re
7 Mails.

11. In the event of a contract
8 being entered into for the carriage of mails in
9 the subsidized vessel concurrently with the opera-
10 tion of the subsidized service or part thereof,
11 the Contractor shall not, nor shall any of his
12 agents or servants, or officers or crew of the
13 subsidized vessel, receive or permit to be re-
14 ceived on board the subsidized vessel any letters
15 for conveyance other than those contained in
16 Her Majesty's mails or which are or may be
17 privileged by law, nor the mails of any other
18 country, except such as are specified by the
19 Postal Authorities of Canada for the time being.

20 Free Transpor-
21 tation.

12. The Honourable the Minister
22 of Transport, the Commissioners of the Commis-
23 sion for the time being, or any inspector or
24 officer of the Commission who may, in the execu-
25 tion of his duty, travel in the subsidized
26 vessel, shall be granted free transportation
27 (first class) with berth and meals included.

28 Interference with
29 Service.

13. Unless with the prior ap-
30 proval of the Commission, no act or thing shall



1 be done or undertaken which might in any way
2 interfere with the regular performance of the
3 subsidized service, except for the purpose of
4 saving life, or assisting vessels in distress.

5 Evidence of
6 Performance.

14. The Contractor shall carry
7 in each subsidized vessel according to its capa-
8 city, on all voyages, all the freight and passen-
9 gers which may be reasonably offered or obtained
10 and at tariff rates, both as to passengers and
11 freights, which from time to time may be approved
12 by the Commission, and the Contractor shall furn-
13 ish to the Commission such evidence as may be
14 required by the Commission to show the volume,
15 extent and value of the trade carried on by each
16 subsidized vessel, and such customs certificates,
17 documents and evidence as may be required by the
18 Commission to prove the performance of the sub-
19 sidized service, and the furnishing of such
20 evidence shall be a condition precedent to the
21 payment of the subsidy or any part thereof, and
22 the Contractor shall allow any officer or offi-
23 cers named by the Commission free access to all
24 books, accounts, papers and documents connected
25 therewith.

26 Unspecified
27 Ports.

15. The subsidized vessel shall
28 not on any voyage either outwards or inwards call
29 at any port not specified in this contract or
30 otherwise authorized by the Commission.



1 Dangerous
2 Goods.

3 16. The Contractor shall not
4 convey or permit to be conveyed in the subsi-
5 dized vessel either as cargo or ballast, goods
6 which by reason of their nature, quantity or mode
7 of stowage are either singly or collectively
8 liable to endanger the lives of the passengers
9 or the safety of the vessel nor shall any goods
10 be carried in contravention of the Regulations
11 Respecting the Carriage of Dangerous Goods and
12 Explosives in Ships.

13 Agents. 17. The Contractor shall furn-
14 ish and provide at his own expense the necessary
15 agents required at each and all the ports afore-
16 said for the purpose of carrying on the business
17 of the subsidized vessel during the performance
18 of this contract.

19 Disablement
20 or Wreck. 18. The loss, destruction or
21 disablement of any subsidized vessel shall not,
22 of itself, constitute an excuse for the non-
23 performance by the Contractor of the subsidized
24 service or any part thereof and in the event of
25 such loss, destruction or disablement the Con-
26 tractor shall as soon as possible thereafter and
27 subject to the approval of the Commission re-
28 place the vessel so lost, destroyed or disabled
29 with another vessel provided, however, that if
30 it is established to the satisfaction of the
Commission that the Contractor is unable, by



1 reason of such loss, destruction or disablement,
2 to carry on the subsidized service or any part
3 thereof, the Commission may in its discretion
4 terminate this contract, in whole or in part,
5 upon such terms, if any, as the Commission may
6 impose.

7 Votes of
8 Parliament. 19. The payment of subsidy, as
9 herein stipulated, is subject to the amount speci-
10 fied being provided for the purpose by vote of
11 the Parliament of Canada, and that if no amount
12 is voted for the purpose, or if any amount voted
13 has become exhausted in payment thereof, and no
14 further sum is voted, this contract shall ter-
15 minate, and neither Her Majesty nor the Commission
16 nor the Chairman nor any of the Commissioners
17 thereof shall in consequence be held liable to
18 damages.

19 Commission's Right
20 to Cancel Contract. 20. If in the opinion of the
21 Commission the Contractor is or has been in de-
22 fault in the performance, observance or compli-
23 ance with any of the covenants, agreements or
24 conditions hereof the Commission may by notice
25 in writing require the Contractor to remedy the
26 same within such time, as may be fixed by the
27 Commission in the said notice and if within the
28 time so fixed the Contractor shall not have
29 remedied such default to the satisfaction of
30



1 the Commission then and in such event the Commis-
2 sion may by further notice in writing forthwith
3 terminate this contract.

4 If the Contractor shall be convicted of
5 any offence against any law, order or regulation
6 of Canada or duly constituted authority thereof
7 or the conditions of any licence or of being an
8 accessory to any such offence and if such offence
9 shall have been committed in connection with the
10 performance of the subsidized service or if the
11 subsidized vessel is employed either directly
12 or indirectly in the commission of such offence,
13 the Commission may in its discretion terminate
14 this contract and such termination may be effec-
15 tive for subsidy purposes at such time as the
16 Commission may determine but not prior to the
17 date of the commission of such offence.

18 Assignment. 21. Unless by operation of law,
19 this contract shall not, nor shall any right or
20 interest therein, be assigned by the Contractor
21 without the prior consent in writing of the Com-
22 mission, but in the event of such consent and
23 assignment or in the event of an assignment by
24 operation of law the contract shall enure to the
25 benefit of and be binding upon the heirs, execu-
26 tors, administrators, successors and assigns of
27 the Contractor.

28
29 M.P's must not
30 share or benefit. 22. No member of the House of



1 Commons of Canada shall be admitted to any share
2 or part of this contract nor to any benefit to
3 arise therefrom.

4 Changes. 23. The Commission may author-
5 ize such change or changes in the terms of this
6 contract as may not be inconsistent with the
7 vote providing for the payment of the subsidy.

8 Passenger and
9 Freight Rates. 24. The Commission shall at any
10 time have the right to revise the freight and/or
11 passenger rates charged by the said Contractor
12 or prescribe the maximum or minimum rates which
13 may be charged upon any subsidized vessel,
14 which freight and/or passenger rates shall be
15 made available at all times to the public at
16 the head office and the offices of the agents
17 of the Contractor. After the freight and/or pas-
18 senger rates have been fixed or approved by the
19 Commission, they shall not be changed by the
20 Contractor without the prior approval of the
21 Commission. Subject as aforesaid the rates to
22 be charged shall be as set forth in Schedule "A"
23 to this contract.

24 Free
25 Passes. 25. Subject to any other pro-
26 visions of this agreement and to the provisions
27 of any Statute or law of the Parliament of Canada
28 in that behalf, the Contractor may not furnish
29 free transportation to or for any person or
30 persons whomsoever except with the prior



1 written approval of the Commission, provided al-
2 ways that the Commission will not arbitrarily
3 withhold its consent or approval to the pro-
4 vision of free transportation to the Officers,
5 Directors or employees of the Contractor or the
6 immediate families of them or of any of them.
7 For purposes of this Article free transportation
8 includes the carriage, free of charge or at a
9 reduced charge, rate, toll or fare, of any goods,
10 persons or vehicles in or on the subsidized ves-
11 sel while the same is engaged in the performance
12 of the subsidized service.

13 Government

14 Wharves. 26. The subsidized vessel shall
15 call at all Government wharves when such is prac-
16 ticable and where such wharves are available.

17 Financial

18 Report. 27. The Contractor shall furnish
19 the Commission with a financial report of all
20 revenues received from and all expenditures in
21 connection with the performance of the subsidized
22 service for each financial year of the Contractor
23 covered by this contract; each report shall be
24 in such form as may from time to time be pres-
25 cribed by the Commission, shall be accompanied
26 by such statements and other supporting evidence
27 as the Commission may from time to time require
28 and shall be furnished forthwith after the
29 close of each financial year of the Contractor.

30 Use of

Canadian fuel. 28. The Contractor agrees to



1 encourage the use of Canadian fuel by utilizing
2 the said fuel on board the subsidized vessel
3 whenever available at competitive prices.

4 Extension or
5 Renewal.

29. Subject to vote of moneys
6 by the Parliament of Canada this contract may
7 be renewed or the term thereof may be extended
8 either before or after the expiration hereof
9 upon such terms and conditions as may then be
10 mutually agreed upon between the Commission and
11 the Contractor.

12 Notices. 30. Any notice or direction to
13 the Contractor shall be deemed to be sufficient-
14 ly given if sent by registered letter or by
15 telegram, postage prepaid or with charges pre-
16 paid as the case may be, addressed to the
17 Contractor at

18 FOOT OF CARRALL STREET, VANCOUVER, B.C.

19 Any such notice so given shall be deemed to have
20 been received by the Contractor at the time
21 when in the ordinary course such letter or tele-
22 gram should have reached its destination.

23 Commission's

24 Decision Final. 31. The Commission shall at
25 all times be the sole judge as to whether the
26 terms and conditions of this contract have been
27 performed and complied with, as to the amount,
28 if any, of subsidy payable to the Contractor
29 hereunder and as to the meaning and interpre-
30 tation of this contract and its decision upon



all questions relating thereto shall be final
and binding upon the Contractor.

IN WITNESS WHEREOF this contract has been
executed on behalf of Her Majesty the Queen in
right of Canada by the Canadian Maritime Com-
mission acting through its Chairman and has been
executed by the Contractor under its corporate
seal duly affixed hereto by its officers author-
ized in that behalf.

Signed and Delivered in
manner aforesaid on be-
half of Her Majesty in
the presence of:

CANADIAN MARITIME
COMMISSION

J.A. Heenan
Witness

S.C. Audette
Chairman

Signed, Sealed and De-
livered in manner afore-
said by the Contractor
in the presence of:

W.D. O'Donnell(?)
President

J.F. Ellis
Witness

W.H. Reid
Secretary



UNION STEAMSHIPS LIMITED

SCHEDULE "C"

1954 Average Cost Per Day

	Combination Passenger & Cargo Vessels												Cargo Vessels									
	S.S. Coquitlam		S.S. Camosun		S.S. Chil-cotin		S.S. Cardena		S.S. Catala		S.S. Lady Cynthia		S.S. Chil-koot		S.S. Cassiar		M.S. Chill-wack		M.S. Cap-lano		M.S. Chenega	
	Average number of Crew																					
Operating Days Basis For																						
Allocating Expenses		327	340	219	248	330	303	345	347	260	347	260	347	260	347	260	347	260	347	260	347	260
Average number of Crew		55	55	55	55	55	32	27	26	19	15	15	10									
Crew Wages	682	698	732	741	703	418	340	331	239	193	186											
Crew victualling	78	84	91	86	77	61	48	46	32	28	24											
Fuel and oil	316	346	334	222	298	171	153	146	94	45	62											
Repairs & overhauls	236	200	506	213	178	134	139	130	159	78	99											
Insurance	96	92	130	95	71	46	59	64	41	37	35											
Misc. expenses	32	39	145	26	33	38	11	37	16	16	12											
Total ship operating ex.	1440	1459	1938	1385	1360	868	750	754	581	397	418											
Passenger victualling	57	60	88	47	48	28	-	-	-	-	-											
Cargo handling	162	158	113	121	183	79	228	438	206	159	114											
Total expense	1659	1677	2139	1553	1591	975	978	1192	787	556	532											
Overhead	282	282	282	278	282	164	148	143	104	82	55											
Total before depreciation	1941	1959	2421	1831	1873	1139	1126	1335	891	638	587											
Depreciation	84	87	128	4	9	-	85	134	167	115	205											
TOTAL COST PER DAY	2025	2046	2549	1835	1882	1139	1211	1469	1058	753	792											

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NOTE 1:

The average cost per day is obtained by dividing the year's expenses by the number of operating days, except in the case of overhead. Overhead is allocated to the vessels on the basis of passenger or cargo fleet and then allocated over each fleet by a weighted average of operating days multiplied by the average number of crew.

NOTE 2:

Generally speaking, the vessels operated all year long. The "Chilcotin" is a cruise vessel in summer and a relief vessel for overhauls in winter. The "Cardena" operated on a five day schedule and was idle two days each week. The "Chilliwack" was converted from steam to diesel during 1954. The "Chenega" was purchased in September 1954.

NOTE 3:

Miscellaneous expenses for the "Chilcotin" (the cruise vessel) includes commissions paid to agents for the sale of cruise tickets.

TM/ahb
September 14th, 1955.

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SCHEDULE "D"UNION STEAMSHIPS LIMITED1954 Tonnage and Passengers Carried

	<u>Tonnage</u>	<u>Passengers</u>
1. Alaska - Canada service	54,156	1,118
2. Alaska - Puget Sound, U.S.A.	8,040	Nil
3. Canada - Puget Sound, U.S.A.	38,892	Nil
4. Canada - B.C. Ports	315,737	206,347
	<hr/>	<hr/>
	416,825	207,465
	<hr/>	<hr/>

The percentage of the combined passenger and cargo revenue from each area is as follows:-

1. 18%
2. 2%
3. 2%
4. 78%

WAR/dhb
September 15th, 1955.



1 ---Exhibit No. 171: Further submission of Saguenay
2 Terminals Limited.

3
4
5 EXHIBIT NO. 171

6 SAGUENAY TERMINALS LIMITED

7 SHIP OWNERS, OPERATORS
8 AND AGENTS

9 1000 Dominion Square Building,
10 Montreal
31 October 1955.

11 Royal Commission on Coasting Trade,
12 409 Sussex Street,
Ottawa, Ont.

13 Attention of G. G. McLeod, Esq., Secretary

14 Dear Sirs:

15 In testifying before the Royal Commission on
16 October 6th during the Montreal hearings the writer
17 was requested and undertook to provide figures on
18 the cost experience of this company in operating
19 its ten thousand ton vessels for 12 months prior to
20 and for 12 months after their transfer from Canadian
21 registry to United Kingdom registry.

22 The figures we have been able to develop are
23 set out in the attachment to this present letter,
24 in which we show not only the actual cost exper-
25 ience of this company but also our best estimate
26 of the cost experience we could have achieved by
27 operating the ships after their transfer to U.K.
28 registry strictly on the basis of normal costs for
29 a U.K. operator.
30



1 A few words of explanation on this may be
2 helpful to the Commissioners. Even after this com-
3 pany transferred its ships to U.K. registry, it has
4 continued to pay wages to the licensed personnel
5 not very much less than those previously paid while
6 the vessels were on Canadian registry. As the United
7 Kingdom has suffered for several years now from a
8 serious shortage of licensed seagoing personnel, we
9 could not have achieved efficient re-manning there of
10 our transferred ships all at one time; also for the
11 reason that our operation is so largely a Western
12 Hemisphere operation that our licensed personnel -
13 even if recruited in the United Kingdom - tends to
14 establish domicile in Canada, we have considered it
15 improbable that we would be able to keep the ships
16 manned on the basis of normal U.K. wage scales where
17 the operation required the ships and the men to spend
18 so much time in Western Hemisphere waters.

19
20 As a consequence of running a largely Western
21 Hemisphere operation we have a high incidence of
22 maintenance work in Eastern Canada (when the ships
23 become light upon discharge of bauxite), as well as
24 provisioning and storing, the cost to this company
25 being considerably more than the normal cost of
26 these things for an operation based on the United
27 Kingdom for which the major part of maintenance work,
28 provisioning and storing would be carried out in
29 U.K. ports.

30 Our figures indicate that the normal difference



1 between Canadian flag operation and U.K. flag opera-
2 tion for our 10,000 tonners for 12 months after their
3 transfer amounts to \$94,000 per ship per annum on a
4 365-day basis and that as a result of the nature of
5 our operation and our policies and practices in
6 relation to it at the time, the actual difference in
7 our case amounts to \$58,000 per ship per annum for
8 the 12 months following transfer.
9

10 We consider that the situation thus revealed
11 certainly supports our entitlement to a full partici-
12 pation in the Canadian coasting trades, at least to
13 the extent that the laws of Canada have hitherto
14 made up the economic atmosphere in which our operation
15 has developed and even a little more widely if it
16 is recognized that the Transport Act unreasonably regu-
17 lates water carriers for the benefit of a competing
18 body of carriers, namely the railways (who themselves
19 significantly contend for the extension of the Act
20 to all water carriage within Canada) and that the
21 Transport Act should therefore be so modified as to
22 allow ordinary competition between one water carrier
23 and another and between water carriers and other
24 types of carriers.

25 Our submission has already stressed the
26 peculiar anomaly under the Transport Act that (upon
27 proclamation) an eligible ship could carry cargo
28 from one place to another on either coast without
29 license, regardless of the type of voyage it engages
30 upon, except if it is engaged on an intercoastal



1 voyage. This discrimination against the inter-
2 coastal voyage appears to be entirely futile, as no
3 benefit can result from it either to water carriers
4 having an operation restricted to the movement
5 between places on either coast or to any railway or
6 trucker, as carriage from one place to another on
7 either coast without license could be done by elig-
8 ible ships engaged in voyages which go beyond the
9 mere movement from one point to another on either
10 coast, so long as the voyages are not intercoastal
11 voyages. It is puzzling to grasp why there should
12 be this discouragement to any enterprise which
13 might consider setting up an intercoastal water
14 service or why such discouragement should be allowed
15 to stand against an intercoastal water service which
16 is in being.

17 The fifth paragraph of Item 4 of our submis-
18 sion of June 27th referred to our concern over that
19 recommendation in the report of the Royal Commission
20 on Agreed Charges that it be open to the railways
21 to set such agreed charges while leaving no right
22 of appeal against them by any water carrier who
23 may thereby be discriminated against. As the
24 Transport Act was amended on July 11th in a manner
25 which appears to remove the cause for our concern
26 in the matter referred to, we consider this part
27 of our submission as being disposed of.

28 In the course of questioning during the
29 writer's testimony before the Royal Commission at
30



1 the Montreal hearing on October 6th, one question by
2 the Chairman appears to have been misunderstood in
3 that it was dealt with as a question which asked in
4 what trades lake operators would operate their ships
5 after the completion of the Seaway allowed these
6 ships to come through to Montreal and east thereof,
7 when this question should have been understood as
8 one asking in what trades they could operate.
9

10 This company has not made any really close
11 study of all the various types of lake vessels and
12 their potentialities in world trades when and if they
13 can come out of the Great Lakes area and are able
14 to move out of the St. Lawrence into deep-sea areas.
15 There can be no doubt however that the owners of
16 such vessels will have studied the possibilities and
17 will continue to study them, including in appropriate
18 cases the economics of undertaking any necessary
19 reasonable modifications.

20 It seems to us that in considering areas of
21 employment outside of the Great Lakes during our
22 winter months the owners of such ships would look
23 for areas where the vessels might reasonably expect
24 to find relatively placid waters comparing some-
25 what with the conditions obtaining on the Great
26 Lakes. Such conditions would best be looked for
27 within the tropics or sub-tropics and the most ob-
28 vious suitable area would be the Caribbean basin
29 and the Gulf of Mexico, which is not subject to
30 hurricanes during the Great Lakes winter season.



1 Also the owners would seek an area where ports of
2 refuge would always be at hand, the area we have
3 named being again satisfactory in this respect.

4 Within the Caribbean and Gulf area there are
5 numerous cargo movements in which suitable lakers
6 could successfully operate, there being a bauxite
7 trade from Dutch Guiana and Trinidad to U.S. Gulf
8 ports, an iron ore trade from Venezuela again to U.S.
9 Gulf ports, another bauxite trade from Jamaica to
10 U.S. Gulf ports, an iron ore trade from Peru via
11 Panama to U.S. Gulf ports, all of which could be en-
12 gaged in under contract carriage for the full season
13 when lakers might wish to be outside of the lakes,
14 while other less regular but quite substantial cargo
15 movements are available for individual movements.
16 The grain trade from the Gulf to the Mediterranean
17 would not have to be put out of mind, provided the
18 ship stayed within or close to tropical waters, al-
19 though on this run the vessel would not always have
20 ports of refuge so readily available as when staying
21 within the Caribbean and Gulf areas.

22 These comments cover an area with which this
23 company is well familiar (during the last war we
24 had a fleet of canallers engaged for over two years
25 in our own trade between British Guiana and Trini-
26 dad). There are other parts of the world in which
27 Lake vessels no doubt could find conditions of
28 water and trade sufficiently similar to those ob-
29 taining on the lakes as to make it possible to
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profitably employ lakers there during the winter
season on the Great Lakes.

Yours very truly,
SAGUENAY TERMINALS LIMITED

(sgd) W. Baatz
Treasurer.

WB:ME



---Exhibit No. 172: Statement of cost experience
in operation 10,000-ton vessels
during 12 months prior to and
12 months following transfer
from Canadian to U.K. Registry,
by Saguenay Terminals Limited.

EXHIBIT NO. 172SAGUENAY TERMINALS LIMITED

COST EXPERIENCE IN OPERATING 10,000 TON VESSELS DUR-
ING 12 MONTHS PRIOR TO & 12 MONTHS FOLLOWING TRANSFER
FROM CANADIAN REGISTRY TO U.K. REGISTRY

(excluding depreciation)

	<u>SAGTERMS COST EXPERIENCE</u>		<u>ESTIMATED</u>
			<u>FULL U.K.</u>
<u>VESSEL</u>	<u>BEFORE</u>	<u>AFTER</u>	<u>BASIS</u>
SUNJARV	\$ 790.00	\$ 547.00	\$ 508.00
SUNJEWEL	596.00	744.00	524.00
SUNKIRK	824.00	534.00	517.00
SUNMONT	932.00	546.00	509.00
SUNRELL	703.00	652.00	509.00
SUNVALLEY	764.00	612.00	527.00
SUNWHIT	802.00	669.00	517.00
Average daily cost per vessel	<u>773.00</u>	<u>615.00</u>	<u>516.00</u>
Average per year per ves- sel.	<u>\$282,145.00</u>	<u>\$224,475.00</u>	<u>\$188,340.00</u>
Annual Reduction		<u>\$ 57,670.00</u>	<u>\$ 93,805.00</u>

WB:ME
Montreal, Que.
24 October 1955.



1 ---Exhibit No. 173: Letter from The Shipping
2 Federation of Canada to
3 the Secretary of the Royal
4 Commission, dated November
5 7, 1955, enclosing data on
6 liner grain freight rates,
7 tramp grain freight rates,
8 etc.

9
10
11 EXHIBIT NO. 173

12 THE SHIPPING FEDERATION OF CANADA INC.
13 515 Board of Trade Bldg.

14 Montreal 1.

15 File: LS.17-11

16 November 7, 1955.

17 G.G. McLeod, Esq.,
18 Secretary,
19 Royal Commission on Coasting Trade,
20 490 Sussex St.,
21 Ottawa, Ont.

22 Dear Mr. McLeod:

23 You will recall that at the Commission
24 Hearings held in Montreal on October 11th last,
25 the Federation was requested by the Commission's
26 counsel to furnish information on the following
27 items:-

28 1) Names of vessels entered in the Federa-
29 tion, which have been engaged in Canada's coast-
30 ing trade, with the gross tonnage, port of regis-
try, and where built.

2) Liner grain freight rates, for the past
five years, between eastern Canada and the
United Kingdom.

3) Tramp grain freight rates, during the
past two years, between eastern Canada and the



1 United Kingdom.

2 4) Cost per ton-mile of a tramp vessel
3 carrying a full cargo of grain between Montreal
4 and the United Kingdom.

5 I have been endeavouring to compile the
6 information requested, and now attach four copies
7 each
8 of statements covering the foregoing items,
9 although may we point out that Nos. 2, 3 and 4
10 do not concern the coasting trade of Canada.

11 I would also point out that in regard
12 to Item 1, the vessels shown are those which
13 have been entered in the Federation this year by
14 our member companies.

15 In regard to Items 2 and 3, it has been
16 difficult to secure information on grain freight
17 rates, particularly in the case of tramp ves-
18 sels, and you will note that our memorandum in
19 this connection shows tramp rates during the
20 period from January, 1954, to October, 1955.

21 These particular rates were compiled from
22 "Fairplay", a weekly shipping journal published
23 in London, England, but "Fairplay" does not
24 publish all grain fixtures, as many are not
25 reported. In this connection, I attach copy
26 of letter, dated October 14th, 1955, address-
27 ed to our President, Mr. J.P. Boyle, by Mari-
28 time Research Inc., New York, and which con-
29 firms the difficulty of securing further re-
30 liable data on grain rates.



1 I should also like to point out that the
2 figure given for the cost per ton mile of a
3 tramp vessel carrying a full cargo of grain
4 between Montreal and the United Kingdom may be
5 misleading, due not only to the many types of
6 tramp vessels, but also because of the varied
7 circumstances which may be involved in each
8 case. Therefore, any cost per ton mile figure
9 given would have to be based on certain arbi-
10 trary assumption.

11 As requested, I also enclose four copies
12 of a memorandum giving information on vessels
13 which suffered delays in 1954 in Montreal Har-
14 bour and at Sydney, N.S., due to certain of
15 the crew members refusing to perform their
16 duties.

17
18 Yours very truly,

19
20 C.T. Mearns,

21 SECRETARY
22

23 CTM:gh
24 encl.
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1 COST PER TON MILE OF TRAMP VESSEL
2 CARRYING FULL CARGO OF GRAIN
3 FROM MONTREAL TO THE UNITED KINGDOM

4 The cost per ton mile for the carriage
5 of a full cargo of grain from Montreal to the
6 United Kingdom can be affected by varying fac-
7 tors, and with this in mind, approximately 1/10
8 of a cent, ranging from .091¢ to .115¢ per ton
9 mile, has been arrived at, based on the follow-
10 ing assumptions:-

- 11 1. That a standard 10,000 deadweight ton
12 "Park" type vessel is involved: Length 441'6",
13 Gross Tons 7145, Capacity 9500 tons.
- 14 2. That the vessel ballasts from Liverpool
15 to Montreal and that the ballast passage is in-
16 cluded in the cost of the return voyage to
17 the United Kingdom.
- 18 3. That the vessel is operating under
19 British flag with a British crew with an
20 assumed cost of \$500.00 per day, not including
21 depreciation or fuel.
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MARITIME RESEARCH INC.

NEW YORK,
October 14, 1955.

Shipping Limited
410 St. Nicholas Street
Montreal 1, Canada.

Dear Sir: Attn: Mr. James P. Boyle

We thank you for your letter dated October 12th, in which you inquire about our supplying you with the high and low monthly charter rates of Grain cargoes from mentioned Canadian ports to the U.K. for the years 1951 to date.

We can prepare such a study for you, but we would like to point out possible shortcomings for the period you desire. Prior to our first issue of the NORTH ATLANTIC EXCHANGE (July 1953), the sources for such information were incomplete, inaccurate, delayed and consequently unreliable. Therefore, for the period 1951 through June 1953, although we can supply said information, we cannot vouch for their accuracy.

Our fee for supplying the information you desire, is, therefore, broken down into the two time periods so that you may have the option of accepting either or both of these periods:

January 1951 - June 1953	\$250.00
July 1953 - date	\$150.00

In addition, we would like to state that it will be necessary to allow from two to three weeks for completion of the entire study.

Please do not hesitate to call upon us



1 for any further information. In anticipation
2 of an early reply to this matter, we remain

3
4 Very truly yours,
5 MARITIME RESEARCH INC.

6 (sgd.) Irving Lillianthal
7 Editor & Research Director

8
9 cc. Mr. C. Mearns.



1 The following vessels were delayed in
2 Montreal Harbour in 1954, due to certain crew
3 members who refused to perform their duties and
4 were prosecuted under the British Merchant Ship-
5 ping Act:

6 S/S "Sheldrake"

7 Ship arrived in Port of Montreal on
8 May 4th, 1954.
9 18 crew members arrested on May 8th,
10 1954.
11 Ship held up from May 8th, 1954 to May
12 15th, 1954.

13 Chartered by Clarke Steamship Co. Ltd.
14 Owner's agent Montreal Australia New
15 Zealand Line Limited.

16 S/S "Cibou"

17 Ship arrived in Port of Montreal on May
18 9th, 1954.
19 18 crew members arrested on May 13, 1954.
20 Ship held up from May 13th, 1954 to May
21 21st, 1954.

22 Chartered by Dominion Coal Co. Ltd.
23 Owner's agent Lunham & Moore Shipping
24 Limited.

25 All above men from both ships were sent
26 home by the Immigration Department, and new
27 crew members were sent from England by air to
28 man both vessels.

29 In addition to the above, the unlicen-
30 sed crews of four other ships at Sydney, N.S.
refused duty over the weekend of June 26th, 1954.
These vessels were the "Mapledore", "Struan",
"Cornwood" and "Marandellas".



1 -- Exhibit No. 174: Letter from Branch Lines
2 Limited, Sorel, Que., to
3 The Chairman of the Royal
4 Commission on Coasting
 Trade, dated October 31st,
 1955.

5
6 EXHIBIT NO. 174

7 BRANCH LINES LIMITED

8 SOREL - Que.
 Canada

9 October 31st, 1955.

10 Honourable Mr. Justice W.F. Spence
11 Chairman
12 Royal Commission on Coasting Trade,
13 490 Sussex Street,
14 Ottawa, Ont.

15 Honourable Mr. Spence:-

16 Following the presentation of our brief
17 in Montreal on October 15th, we were asked who
18 was doing the movement of pulpwood to Corner
19 Brook, Nfld. before 1949.

20 We have asked the question to Bowater's
21 Newfoundland Pulp and Paper Mills Limited and
22 are quoting hereunder the answer of their Woods
23 Shipping Superintendent.

24 "In answer to your query, Shipping Limi-
25 ted used to move a certain amount of our wood
26 to Corner Brook, and, at time, U.K. registered
27 steamers were chartered.

28 "Of course, in those days our Lomond,
29 Hare Bay, Canada Bay, Baie Verte and Southern
30 Arm wood was delivered in booms, and we used our
 own tugs and also chartered your 'Captain Simard'



1 or 'George M. McKee'. This reduced considerably
2 the volume of wood to be moved by steamer - com-
3 pared with today's quantity. We also owned
4 and towed our own wooden barges, capable of
5 carrying fifteen hundred cords each. We hope
6 this information is what you required".
7

8 Yours very truly,

9 BRANCH LINES LIMITED

10 (signed)

11 L.-Henri Tellier
12 Managing-Director
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1 ---Exhibit No. 175: Letter from Owen Sound
2 Chamber of Commerce to
3 the Secretary, Royal Com-
4 mission on Coasting Trade,
5 dated October 26th, 1955.

6 EXHIBIT NO. 175

7 OWEN SOUND CHAMBER OF COMMERCE

8 October 26th, 1955.

9 G.G. McLeod, Esq.,
10 Secretary Royal Commission on Coasting Trade,
11 490 Sussex Street,
12 Ottawa, Ontario.

13 Dear Sir:

14 While presenting the Chamber's brief to
15 the Commission at Midland, October 25th, the
16 question was asked "What capacity has the grain
17 elevator in Owen Sound" to which I feel sure
18 that I replied two million bushels.

19 The correct figure of the capacity of
20 the elevator is of course, four million and in
21 addition we have had in storage on ships winter-
22 ing in our harbour as much as four million bush-
23 els. At the moment the ships wintering here
24 are storing nine hundred thousand bushels.

25 I thought it best to send this addition-
26 al information in order that it might be
27 written into the record for such value as it
28 might be in the deliberations of the Commis-
29 sion.

30 Yours very truly,

(sgd.) J. McCansh,
President.



1 ---Exhibit No. 176: Explanation of method used
2 to obtain the figures
3 given to the Commission
4 in Exhibits Nos. 85 & 86,
5 by Clarke Steamship Co.
6 Limited.

7
8 EXHIBIT NO. 176

9 TO

10 THE ROYAL COMMISSION ON COASTING TRADE

11 BY

12 CLARKE STEAMSHIP COMPANY LIMITED

13 Explanation of method used to obtain the figures
14 given to the Commission in Exhibits Nos. 85
15 and 86.

16 1. GENERAL

17 These figures are not meant to represent
18 the actual costs incurred in 1954 but are in-
19 tended to give a fair comparison of the opera-
20 tion of the various vessels dealt with on the
21 basis that they are operated on the same ser-
22 vice and under similar conditions. The actual
23 figures for 1954 for those vessels which were
24 operated during that year may differ from those
25 shown, for various reasons such as:-

- 26 a) The capital charge may be more or
27 less than that taken into account, de-
28 pending on the actual financial situation
29 of the Owner and the depreciation which
30 the Owner was entitled to take for tax
purposes and which it actually



1 took on its books;

2 b) The cost of overhauls for 1954 may
3 be more or less than the amount taken
4 into account which was an estimated aver-
5 age amount; costs of overhauls will vary
6 from year to year having regard to
7 general conditions and depending on
8 whether or not a special four-year sur-
9 vey took place during the year or whether
10 or not any reserve was set up in the
11 year for the extensive repairs required
12 upon such special survey;

13 c) Insurance may have been placed on
14 a lower or higher valuation than that
15 taken depending on the policy of the
16 Owner;

17 d) As indicated on the Exhibits, the
18 figures are predicated on no return bulk
19 cargoes being carried. If bulk cargoes
20 are carried, the Carrier would receive
21 the additional revenue but would incur
22 the cost of the vessel for the extra
23 time taken to divert the vessel and to
24 load and unload such bulk cargo.

25 We feel these figures reflect comparative costs.

26
27 II. OPERATION OF VESSEL

28 a) The daily operating cost of
29 each vessel concerned, was determined
30



1 in accordance with the following break-
2 down:-

3 Wages: Actual cost per day for S.S."NOVA-
4 PORT" and S.S."SHELDRAKE" based on ships
5 articles; in case of new vessels, these
6 were estimated having regard to the crew
7 required to man these vessels.

8 Fuel: Actual cost in case of S.S."NOVA-
9 PORT" and S.S."SHELDRAKE"; estimated
10 cost for new vessels on use of diesel
11 fuel at 1954 prices.

12 Stores, Victualling, Replacements,
13 Laundry, Sundry, Telecom.:

14 Actual cost in case of S.S."NOVA-
15 PORT" - estimated costs from best in-
16 formation available for S.S. "SHELDRAKE";
17 estimated costs for new vessels.

18 Repairs, Overhauls, Classification:

19 Based on estimated average year-
20 ly cost to perform work in all cases.

21 Insurance: Similar rates used on S.S.
22 "NOVAPORT" and S.S. "SHELDRAKE" based
23 on actual insurance costs and capital
24 cost of S.S. "NOVAPORT". The same figures
25 for capital cost were used in both cases as
26 vessels are both reparations vessels and cost
27 similar amounts; rates on new diesel
28 ships were based on estimated capital
29 cost and quotation of insurance under-
30 writers in London, England.



1 Capital Charge: In the case of the S.S.
2 "NOVAPORT" and S.S. "SHELDRAKE", the
3 capital charge is based on the actual
4 cost of the S.S. "NOVAPORT" and on a rate
5 per year of $7\frac{1}{2}\%$ for depreciation and
6 $2\frac{1}{2}\%$ for interest; for new vessels this
7 charge is based on 5% depreciation and
8 $2\frac{1}{2}\%$ interest on the estimated capital
9 cost of building such vessel.

10 In the case of a Canadian built
11 ship, the additional costs of deprecia-
12 tion, interest and insurance on the
13 difference between Canadian and British
14 building costs are included in the daily
15 cost of such vessel.

16 General: All the above annual charges
17 are calculated on a daily cost sufficient
18 to charge them off over a summer season
19 of 212 days.

20 b) The cost per ton of cargo carried was
21 then determined by multiplying the total daily
22 cost of the vessel concerned by the number of
23 days required to make a voyage; this amount was
24 then divided by the average number of tons car-
25 ried per voyage in 1954 by the vessels operating
26 on the Montreal-St. John's Service (figures for
27 20% and 40% increased average tonnage were ob-
28 tained by increasing average tonnage for 1954 by
29 these percentages); the cost per \$1.00 of freight
30



1 revenue was obtained in all cases by dividing
2 the cost per ton of cargo carried by the
3 average revenue per ton of cargo carried from
4 Montreal to St. John's, Newfoundland.

5 III. MONTREAL TERMINAL EXPENSES, ST. JOHN'S
6 TERMINAL EXPENSES, CARGO INSURANCE,
CLAIMS, SUNDRY.

7 These costs are the same for all vessels
8 and were obtained from Companies' actual ac-
9 counts as a cost per ton of freight. Cost per
10 \$1.00 of freight revenue was determined as
11 above.

12 IV. ADMINISTRATION CARGO SOLICITATION AND
13 PROFIT.

14 This item represents the amount left
15 from freight revenue per ton after paying the
16 other expenses enumerated.

17 V. AVAILABLE FOR PROFIT OR RATE REDUCTION

18 This item shows the variation in the cost
19 per ton as compared to the S.S. "NOVAPORT" based
20 on average amount of cargo carried in 1954 and
21 on computation set forth above and is shown
22 in this way for purposes of comparison, taking
23 that operation as the norm.

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27 MONTREAL, P.Q., 26th October 1955.
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1 ---Exhibit No. 177: Letter from H.R. Kemp to
2 T.R. McLagan; letter T.R.
3 McLagan to H.R. Kemp; reply
4 from H.R. Kemp.

5 EXHIBIT NO. 177

6
7 August 16, 1955.

8 Dear Mr. McLagan:

9 In looking over the stenographic report
10 of the proceedings of the Royal Commission on
11 Coasting Trade in Ottawa, I notice in Volume I,
12 Part B, Page 248, a statement attributed to you
13 that ships built in the United Kingdom cost from
14 40 to 50% more than those built in Canada. This
15 is obviously a typographical error and one
16 which we should like to correct. Could you
17 let me have the sentence as you would like it
18 to appear.

19 Yours sincerely,

20
21 H.R. Kemp,
22 Economic Adviser.

23 Mr. T. Roger McLagan,
24 President,
25 Canada Steamship Lines Ltd.,
26 P.O. Box 100,
27 Montreal, P.Q.

28 --



CANADA STEAMSHIP LINES LIMITED

T.R. McLagan
President

P.O. Box 100,
Montreal, P.Q.

August 18th, 1955.

Mr. H.R. Kemp,
Economic Adviser,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Mr. Kemp:

I have your letter of August 16th, 1955,
referring to the statement attributed to me
regarding the cost of building ships in the U.K.
and Canada. What I believe I said was that,
in my judgment, the ships cost from thirty to
fifty per cent more in Canada than in the U.K.,
depending on various factors such as size, mach-
inery, etc.

It is difficult to make an exact state-
ment, but that is what I believe is the case.

Yours sincerely,

(sgd.) T.R. McLagan

TRM:cmc



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August 22, 1955.

Dear Mr. McLagan:

In the absence of Mr. Kemp, I am
pleased to acknowledge your letter of August
18th in connection with the statement in the
transcript of proceedings of this Commission
in Ottawa.

Yours faithfully,

Secretary.

T.R. McLagan, Esq.,
President,
P.O. Box 100,
Montreal, P.Q.



1 ---Exhibit No. 178: Letter from Halley, Hickman
2 and Hunt to the Secretary
3 of the Commission on Coast-
4 ing Trade re changes in
5 transcript.

6 EXHIBIT NO. 178

7 HALLEY, HICKMAN & HUNT
8 Barristers, Solicitors and Notaries

9 Sinnott Building
10 319 Duckworth Street
11 ST. JOHN'S, Newfoundland.

12 October 13th, 1955.

13 G.G. McLeod Esq.,
14 Secretary,
15 Royal Commission on Coasting Trade,
16 490 Sussex Street,
17 Ottawa, Ont.

18 Dear Sir,

19 Re: Furness, Withy & Company Limited
20 Submission

21 In reading through Volume 2, Park B of
22 the transcript of the proceedings of the Royal
23 Commission we note the following errors which we
24 bring to your attention so that the official
25 copy of the transcript can be corrected:

26 Page 861, line 19. Instead of the word
27 "during", it should be "prior to". Mr. Rees
28 advises there was no movement of salmon during
29 the war.

30 Page 865, line 6. Mr. Rees advises that
the amount at the end of this line should be
\$115,000.00.

Page 872, lines 19 to 30. The con-
cluding words in lines 29 and 30 give the



1 correct position. The Furness, Withy brief
2 submitted to the Commission was correct but the
3 mistake was made in the printing of the brief
4 which was distributed by the Commission.

5 Page 892, line 11. The word should be
6 "here" not "there". In other words it is Furness,
7 Withy's general practice, Mr. Rees advises, to
8 repair the Red Cross ships on this side of the
9 Atlantic and not in the United Kingdom.

10 We would appreciate it if you would note
11 the above and have these changes brought to
12 the attention of the Members and Counsel of
13 the Royal Commission.

14 Yours faithfully,

15 HALLEY, HICKMAN AND HUNT,

16 (sgd.) James J. Halley

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18 JJH/hkc
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October 17th, 1955.

Dear Mr. Halley:

I hereby acknowledge your letter of October the 13th to Mr. G.G. McLeod, Secretary of the Royal Commission on Coasting Trade regarding corrections to be made in the transcript of the proceedings of the Commission.

Your corrections are duly noted and they will be filed as an exhibit during the hearings of the province of Ontario so that they will go on record.

Yours very truly,

Paul Cimon

James J. Halley, Esq.,
c/o Messrs. Halley, Hickman and Hunt,
Sinnott Building,
319 Duckworth Street,
ST. JOHN'S, Nfld.



---Exhibit No. 179: Copy of a letter from British Columbia Loggers' Assoc. to the Secretary of the Royal Commission dated September 19, 1955 submitting data re their Association.

EXHIBIT NO. 179

BRITISH COLUMBIA LOGGERS' ASSOCIATION
INCORPORATED

Room 401 - 550 Burrard St.
VANCOUVER 1, B.C.

September 19, 1955.

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Sir:

I am advised by Mr. J.C. Sheasgreen who, on behalf of this Association, appeared before the Royal Commission on Coasting Trade during the Hearings at Vancouver, that he was asked to supply certain additional information to the Commission.

On his behalf I submit herewith:-

1. The names of companies and individuals, members of this Association (see attached).
2. From information submitted to us we find that the percentage of total cost of logs represented by the transportation of logs, appears to be as follows -

(a) Queen Charlotte Islands to
Vancouver 28.2%



- (b) North end of Vancouver Island
to Vancouver 17.9%
- (c) South end of Vancouver Island
to Vancouver 12.0%

3. We have also been furnished the following, as representing the percentage of total cost of the logs represented by transportation of supplies and machinery -

- (a) Queen Charlotte Island
camps 4.5%
- (b) Camps at North end of
Vancouver Island 1.9%
- (c) Camps in Southern part of
Vancouver Island 1.0%

Respectfully submitted,

BRITISH COLUMBIA LOGGERS' ASSOCIATION

by (sgd.) John N. Burke

John N. Burke, Secretary-
Treasurer.

THE BRITISH COLUMBIA LOGGERS' ASSOCIATIONACTIVE MEMBERS

(Operating Logging Companies)

Alaska Pine & Cellulose Ltd.	1111 W.Georgia, Vancouver, B.C.
Alice Lake Logging Co.Ltd.	510 W.Hastings " "
Baxter, J.H.& Co.Ltd.	510 W.Hastings " "
B.C. Forest Products Ltd.	995 West 6th Ave. " "
Bendickson Logging Co. (1939) Ltd.	Kelsey Bay, B.C.
Booth Logging Co.Ltd.	207 W.Hastings " "
Burke Lumber Co.Ltd.	425 Howe Street " "
Canadian Forest Products Ltd.	999 W.Pender " "
Canadian Puget Sound Lbr.& Tbr.Co.Ltd.	1111 W.Georgia, " "
Capilano Timber Co.Ltd.	P.O. Box 608 " "
Columbia Cellulose Co.Ltd.	675 W.Hastings " "
Comox Logging & Railway Co.	640 W.Hastings " "
Consolidated Timber Co.Ltd.	999 W.Pender " "
Crown Zellerbach Canada Ltd.	640 W.Hastings " "
Dana Logging Ltd.	14 Powell Street " "
Dewdney Logging Co.Ltd.	Dewdney, B.C.
Duncan, N.G. Logging Co.Ltd.	510 W.Hastings " "
Elder Timber Co.Ltd.	302 David Street, Victoria "
Elm River Timber Co.Ltd.	Campbell River, B.C.
Emerald Timber Co.Ltd.	510 W.Hastings, Vancouver, B.C.
Fleetwood Logging Co.Ltd.	550 Burrard St. " "
Forbes Bay Logging Co.Ltd.	1014 Eveleigh St. " "
Gibson, W.F. & Sons	355 Burrard St. " "
Granite Bay Timber Co.Ltd.	Johnston St., New Westminster, B.C.
Jones Lake Logging Co.Ltd.	1111 W.Georgia, Vancouver, B.C.
Kelley Logging Co.Ltd.	510 W.Hastings " "
Lamb Lumber Co.Ltd.	602 W.Hastings " "
McCorkle Bros. Logging Ltd.	Boston Bar, B.C.
McLean Valley Logging Ltd.	Box 618, Hope, B.C.
MacMillan & Bloedel Ltd.	837 W.Hastings, Vancouver, B.C.
Northern Timber Co.Ltd.	1111 W.Georgia " "
O'Brien Logging Co.Ltd.	510 W.Hastings " "
Osborne Logging Co.Ltd.	Sechelt, B.C.
Port Neville Logging Co.Ltd.	510 W.Hastings " "
Prettys' Timber Co.Ltd.	509 Richards St. " "
Rotter Logging Co.Ltd.	510 W.Hastings " "
Salmon River Logging Co.Ltd.	510 W.Hastings " "
Spring Creek Logging Co.Ltd.	999 W.Pender " "
Sooke Lake Lumber Ltd.	Box 1206, Victoria, B.C.
Tahsis Company Ltd.	355 Burrard St. Vancouver, B.C.
Taylor Way Logging Co.Ltd.	Tofino, B.C.
Timberland Development Co.Ltd.	P.O. Box 700, New Westminster, B.C.
Vanwest Logging Co.Ltd.	566 Hornby St. Vancouver, B.C.
Western Forest Industries Ltd.	1111 W.Georgia " "
Western Logging Co.Ltd.	198 W.Hastings " "
Whonnock Lumber Co.Ltd.	Whonnock, B.C.

ASSOCIATE MEMBERS

(Timber Holders and Log Brokers)

Alworth, Royal D.Jr. Et al.	1605 Alworth Bldg., Duluth, Minnesota
Battle & Houghland	675 W.Hastings, Vancouver, B.C.
Well, E.A.	850 W.Hastings, " "
& Dumaresq Tbr.Co.Ltd.	736 Granville St. " "
, W.C. & V.E.	207 W.Hastings, " "
& McCallum Ltd.	510 W.Hastings, " "
, W.M. (Wally)	510 W.Hastings, " "
, R.Duff	416 W.Pender " "
, S.A.	510 W.Hastings " "
, E.V.	736 Granville St. " "
, C.D. & Co.	425 Howe St. " "
lton Lbr. & Trading Co.Ltd.	Box A, Ballard Station, Seattle, Wash.



Ap. 9/5

1 ---Exhibit No. 181: Letter from The Canadian
2 Wheat Board to the Royal
3 Commission on Coasting
4 Trade enclosing compila-
5 tions re ocean freight
6 rates.

7 EXHIBIT NO. 181

8 THE CANADIAN WHEAT BOARD
9 Board of Trade Bldg.
10 300 St. Sacrament St.
11 Montreal 1, P.Q.

12 October 25th, 1955.

13 Mr. H. R. Kemp
14 Economic Adviser
15 Royal Commission on
16 Coasting Trade
17 490 Sussex Street
18 Ottawa, Ontario

19 Dear Mr. Kemp:

20 Further to your letter of October 19th,
21 1955, I am enclosing for your information
22 records that have been compiled concerning ocean
23 freight rates particularly with regard to the
24 shipments of wheat.

25 There are a number of weekly freight
26 letters published, such as the one referred to
27 in your letter. These reports, to a great ex-
28 tent form the basis of the information summar-
29 ized in the attached records. As you are
30 aware, ocean vessels are chartered normally
quite some time prior to the actual shipping
date, that is, from one month to a year prior
to the actual shipping dates, which accounts
in my records for reports covering periods
of the year, in which there are no shipments



1 from St. Lawrence ports.

2 There are no publications that I know
3 which publish this information with the ex-
4 ception of the "British Chamber of Shipping".
5 I attach their index on tramp shipping rates.

6 If there should be any question or any
7 further information that you require please
8 feel free to contact me. Kindest regards.

9 Yours very truly,

10 "Frank T. Rowan"

11 Manager

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13 FTR/cr

14 Encl.
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THE CHAMBER OF SHIPPING INDEX NUMBER OF TRAMP SHIPPING RATES (1952 : 100)

1952

The previous index number of tramp shipping freights, to base 1948 : 100 was discontinued. The weights allotted to the commodities and trades used in calculating this revised index number (1952,100) were determined by the freights earned in 1951 in the carriage of tramp cargoes by United Kingdom vessels. The average for 1952 of the old index number (1948 : 100) is 110.6 and this provides a link between the old series and the new.

GROUP	WEIGHT	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Coal	183	120.6	129.6	120.0	112.9	113.7	108.0	83.2	71.0	75.4	84.9	86.5	82.9
Grain	362	152.1	143.8	121.4	107.2	102.2	83.4	68.5	81.2	81.2	92.3	85.0	80.0
Sugar	116	153.9	144.6	134.0	107.3	109.5	91.5	65.1	68.8	68.8	78.5	113.9	109.8
Ore	136	144.0	139.0	126.1	112.2	110.0	86.2	70.0	69.2	69.2	78.1	87.0	86.6
Fertilisers	40	139.5	148.3	121.3	118.5	109.2	94.6	79.5	85.8	85.8	85.5	91.0	77.4
Timber	143	164.1	145.4	116.6	100.4	98.0	93.3	82.3	75.4	75.4	79.7	79.0	74.2
Esparto	20	137.7	120.2	112.5	105.7	96.6	-	-	-	-	72.7	70.9	69.6
All Items	1,000	146.4	140.6	122.4	108.4	105.8	91.2	73.5	71.2	76.3	84.9	88.0	83.7

1953

Coal	183	79.2	80.0	83.4	85.6	77.0	72.8	75.8	69.3	68.0	70.3	72.3	71.3
Grain	362	82.1	84.7	90.7	90.0	88.8	73.1	75.8	74.3	76.4	77.5	71.1	70.0
Sugar	116	78.5	80.9	85.5	90.6	89.4	79.5	79.6	76.7	77.5	79.6	74.8	74.3
Ore	136	76.4	76.3	77.9	79.5	77.2	71.4	74.5	84.7	80.7	83.9	79.1	69.1
Fertilisers	40	80.3	88.2	70.6	94.7	73.4	80.0	91.5	71.4	68.4	98.4	87.5	84.2

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REFERENCE:

FRANK T. ROWAN
October, 1955
Montreal, P.Q.

GROUP	WEIGHT	1953 (cont'd)											
		JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Timber	143	77.0	71.3	73.8	76.4	76.3	74.1	71.3	68.7	69.0	74.4	73.2	71.7
Esparto	20	66.5	62.9	72.5	63.3	63.4	62.6	62.5	64.7	61.8	66.7	70.2	70.3
All Items	1,000	79.3	80.0	83.2	85.6	82.2	73.8	75.8	73.9	73.9	77.5	73.8	71.5

THE CHAMBER OF SHIPPING INDEX NUMBER OF TRAMP SHIPPING RATES (1952 : 100)

The previous index number of tramp shipping freights, to base 1954 : 100 was discontinued. The weights allotted to the commodities and trades used in calculating this revised index number (1952, 100) were determined by the freights earned in 1951 in the carriage of tramp cargoes by United Kingdom vessels. The average for 1952 of the old index number (1948 : 100) is 110.6 and this provides a link between the old series and the new.

1954

<u>GROUP</u>	<u>WEIGHT</u>	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>
Coal	183	66.7	79.8	71.6	71.6	72.9	74.0	84.4	85.6	90.6	110.1	105.9	107.2
Grain	362	72.0	80.0	82.1	76.7	79.2	75.9	71.9	75.5	88.8	99.7	116.7	118.9
Ore	136	74.7	74.6	79.7	79.2	80.4	91.0	77.3	76.4	96.5	91.3	97.6	99.3
Sugar	116	74.8	76.6	79.3	79.6	81.1	78.9	95.3	92.7	108.0	111.4	126.1	132.3
Fertilisers	40	75.4	-	80.8	79.1	82.2	-	113.8	92.2	71.8	93.4	105.5	78.6
Timber	143	72.8	72.0	70.0	72.8	72.9	73.3	74.2	75.5	82.9	110.9	104.3	132.6
Esparto	20	68.3	65.7	65.2	65.4	68.1	74.8	74.9	75.3	75.6	78.3	88.2	92.8
All Items	1,000	71.9	77.6	77.4	75.8	77.4	77.6	79.7	80.1	90.6	99.5	110.4	115.5

(cont'd)

1955

GROUP	WEIGHT	JAN	FEB.	MAR.	APR.	MAY	JUNE	JULY
Coal	183	108.1	105.7	104.3	101.0	110.0	129.4	127.2
Grain	362	122.9	127.2	119.7	113.2	131.8	133.2	130.9
Sugar	116	113.5	133.1	126.4	117.4	124.5	139.3	145.7
Ore	136	108.5	111.1	112.5	113.1	108.5	104.0	112.8
Fertilizers	40	-	124.0	117.8	-	112.1	133.2	-
Timber	143	-	-	103.5	108.1	134.7	130.3	138.8
Esparto	20	89.6	90.3	88.3	92.7	92.7	93.1	100.5
All Items	1,000	115.1	119.8	113.7	110.2	122.6	128.0	130.0

REFERENCE :

FRANK T. ROWAN,
October, 1955
Montreal, P.Q.



The Chamber of Shipping Index Number of Tramp
Shipping Rates

WEIGHTED INDEX NUMBERS OF TRAMP SHIPPING FREIGHTS

(To Base 1948 : 100)

The index number is based on tramp fixtures reported during the month, only fixtures in sterling being used. Since its revival after the war the monthly index numbers have been as follows:

	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
JANUARY	111.3	87.1	72.8	151.9	163.9
FEBRUARY	104.5	100.5	75.5	164.7	157.3
MARCH	105.5	95.0	75.8	180.6	137.7
APRIL	107.7	94.6	74.4	176.8	109.4
MAY	104.6	99.7	71.4	203.8	110.9
JUNE	99.8	86.7	74.3	179.0	99.1
JULY	99.4	73.3	78.8	179.6	90.2
AUGUST	100.7	70.6	86.8	149.3	79.2
SEPTEMBER	97.2	71.6	89.0	166.5	87.0
OCTOBER	98.8	69.8	95.8	190.4	94.2
NOVEMBER	88.8	66.5	97.6	172.9	99.0
DECEMBER	86.8	72.8	115.7	168.5	98.8
YEAR	100.0	82.3	84.0	173.7	110.6

NOTE: This index was discontinued in 1952; the average for 1952 (110.6) provided a link with the new index which is based on weights allotted to the commodities and trades used in calculating the revised index number (1952 : 100).

REFERENCE: FRANK T. ROWAN
October, 1955.
Montreal, P.Q.



GRAIN FROM ST. LAWRENCE PORTS TO THE UNITED
KINGDOM

WEIGHTED AVERAGES RATES FOR VESSELS OF
APPROXIMATELY 10,000 TONS.

<u>1950</u>	<u>RATE</u>	<u>CANADIAN EQUIVALENT</u>
1st Quarter	7/9 per quarter	\$ 1.19
2nd Quarter	7/11 " "	1.22
3rd Quarter	7/11 " "	1.22
4th Quarter	9/2 " "	1.35
<u>1951</u>		
1st Quarter	22/6 per quarter	3.30
2nd Quarter	21/9 $\frac{1}{2}$ " "	3.25
3rd Quarter	22/4 " "	3.33
4th Quarter	25/10 " "	3.74
<u>1952</u>		
1st Quarter	15/- per quarter	2.10
2nd Quarter	13/1 " "	1.80
3rd Quarter	8/2 " "	1.10
4th Quarter	11/4 $\frac{1}{2}$ " "	1.55
<u>1953</u>		
1st Quarter	10/9 per quarter	1.48
2nd Quarter	50/10 $\frac{1}{2}$ per ton	7.13
3rd Quarter	42/7 " "	5.93
4th Quarter	45/1 $\frac{1}{2}$ " "	6.20
<u>1954</u>		
1st Quarter	42/6 per ton	5.80
2nd Quarter	43/5 1/8 " "	6.02
3rd Quarter	45/7 " "	6.22
4th Quarter	59/11 " "	8.12
<u>1955</u>		
1st Quarter	63/- per ton	8.60
2nd Quarter	73/8 $\frac{1}{2}$ " "	10.17
3rd Quarter	75/11 $\frac{1}{2}$ " "	10.45
4th Quarter		

REFERENCE: FRANK T. ROWAN
October, 1955
Montreal, P.Q.

FREIGHT FLUCTUATIONSCANADA TO UNITED KINGDOM (ST. LAWRENCE)CARGO - WheatSCALE - Per quarter of 480 lbs.

<u>YEAR</u>	<u>HIGHEST RATE</u>	<u>LOWEST RATE</u>
1934	2/1½	-/11
1937	5/4½	2/6
1938	3/3	2/8
1939	# 15/6	2/9
1945	13/-	10/3
1946	12/9	9/9
1947	15/3	9/1½
1948	11/9	9/1½
1950	10/0	7/9
1951	26/3	18/9
1952	15/-	8/2

NOTE: # Wartime Rate

REFERENCE: FRANK T. ROWAN
October, 1955
Montreal, P.Q.



Notes of Statistical Supplement to the Annual Report on Maritime Transport, A Study by the Maritime Transport Committee published by the Organization for European Economic Co-operation (O.E.E.C.) Paris.

This report, published in September 1955, and circulated within the O.E.E.C. under the symbol MT (55) 6 Final, contains a number of tables which are relevant to the problem of Canadian Coasting Trade. The countries which are members of O.E.E.C. include Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and the United Kingdom.

Table II shows the total tonnage of participating countries' fleets in comparison with total tonnage of world fleets, in millions of gross registered tons. At the middle of 1954, the fleets of the participating countries represented 48.7% of the total tonnage of the world.

Table III shows the total tonnage owned by each of the participating countries in 1939, 1948, 1953 and 1954. At the middle of 1954 the total world tonnage amounted to 94.6m. gross registered tons of which the participating countries as a whole owned 46.6 m. G.R.T., United States 25.1 G.R.T., and the rest of the world 22.9 G.R.T. Of all participating countries the United Kingdom was far in the lead with 42.1 m. G.R.T. followed by Norway with



1 6.8 m., France, 3.8, Italy 3.8 m., Sweden 2.7m.,
2 and Germany 2.2 G.R.T.

3 Table IV shows the United States fleet
4 at December 31, 1954 as 24.9 m. G.R.T. Of
5 this, 15.2 m. were in the laid up reserve fleet
6 and 9.7 m. in the active fleet. Of the last
7 mentioned tonnage, 5.0 m. G.R.T. were in the
8 foreign service, 3.9 m. G.R.T. in domestic
9 service and 0.8 m. G.R.T. in other U.S. agency
10 operation. (Source, Bulletin of the American
11 Bureau of Shipping).

12 Table V shows the tonnage of other lead-
13 ing non-participating countries' fleets includ-
14 ing those of Argentina, Brazil, India, Japan,
15 Liberia, Panama and Honduras.

16 Table VI shows the participating coun-
17 tries' tonnage lost, broken up and sold abroad
18 in 1953 and 1954.

19 Table VII shows new tonnage entered
20 into service of the participating countries'
21 fleets and second-hand tonnage acquired from
22 abroad during 1953 and 1954.

23 Table VIII shows the age distribution
24 of participating countries' fleets as at mid-
25 1954 for ships of 100 tons and over. These
26 ages are shown for five year periods up to the
27 age of twenty-five years after which there is
28 a figure for ships twenty-five years old and
29 over. For the world total of shipping, it
30



1 appears that 18% of existing tonnage is more
2 than twenty-five years old and 21% more than
3 twenty years old.

4 Table IX shows the age distribution of
5 participating countries' tanker fleets at mid-
6 1954. As in the preceding table, this table
7 indicates the predominance of ships built since
8 World War II. Of the total fleets in existence
9 at mid-1954, 39% of the tonnage was less than
10 ten years old and 73% was less than fifteen
11 years old. Among the tankers, 57% of the
12 tonnage was less than ten years old and 83%
13 less than fifteen years old. At the other end
14 of the age scale, only 7% of the tankers were
15 over twenty-five years in age and 11% over
16 twenty years. (Source, Lloyd's Register of
17 Shipping. Completed where necessary by govern-
18 ment returns).

19 Table X shows participating countries'
20 tonnage laid up for at least a month at least
21 a month at December 31, 1953 and 1954.

22 Table XI shows vessels under construction
23 in the world for registration in the principal
24 countries. At the end of December 1954, the
25 total tonnage of ships under construction in
26 the world was 5,854,247 G.R.T. (total) of which
27 the United Kingdom had 1,436,754 G.R.T., Nor-
28 way 890,246, Netherlands 396,941, France
29 374,120 and Germany 370,176. The total for
30



1 participating countries was 4,100,904 G.R.T.
2 Ships under construction in the United States
3 at that date aggregated 238,013 G.R.T.

4 Table XII shows the crews employed in the
5 merchant fleets of the participating countries,
6 from which it may be noted that the United
7 Kingdom personnel in this occupation aggregate
8 148,618 people, Italy 53,036, Norway 37,595,
9 France 33,976, Netherlands 31,258 and Germany
10 27,266. Turkey also appears with a large number
11 of merchant seamen, 35,104 in all.

12 Table XIII gives statistics of world
13 seaborne trade in millions of tons. (Source,
14 United Nations Statistical Year Book, 1954).

15 Table XIV contains index numbers of
16 freight rates for dry cargo month by month from
17 1952 to 1954 inclusive as shown by five principal
18 indices.*

19 Table XV contains a similar index for
20 certain articles, derived from the United
21 Kingdom Chamber of Shipping. The index for
22 grains and the index for all commodities from
23 1952 to 1954 inclusive were as follows:

24 (see page
25
26
27
28

29 * Reporter's note: An ink line around the table
30 which followed *notes was marked "Omit this
table"



1	Month	Grain			All Items		
2		1952	1953	1954	1952	1953	1954
3	Weight	362			1,000		
4	January	152.1	82.1	72.0	146.4	79.3	71.9
5	February	143.8	84.7	80.0	140.6	80.0	77.6
6	March	121.4	90.7	82.1	122.4	83.2	77.4
7	April	107.2	90.0	76.7	108.4	85.6	75.8
8	May	102.2	88.8	79.2	105.8	82.2	77.4
9	June	83.4	73.1	75.9	91.2	73.8	77.6
10	July	68.5	75.8	71.9	73.5	75.8	79.7
11	August	74.4	74.3	75.5	71.2	73.9	80.1
12	September	81.2	76.4	88.8	76.3	73.9	90.6
13	October	92.3	77.5	99.7	84.9	77.5	99.5
14	November	85.0	71.1	116.7	88.0	73.8	110.4
15	December	80.0	90.0	118.9	83.7	71.5	115.5

11 Table XVI contains index of time charters
12 excluding charters of more than a year (1948 =
13 100). The rates were as follows:
14 Index of Time Charter Rates on Dry Cargo as
15 computed by United Kingdom Chamber of Shipping
16 and quoted in this report. 1948 = 100. Based on
17 the Average Rates for Oil Fired Steamers and
18 Motor Vessels in the 9,000/11,000 D.W.T. range,
19 excluding charters of more than a year.

20	Month	United Kingdom Chamber of Ship-		
21		ping.		
22		1952	1953	1954
23	January	184.5	59.8	58.3
24	February	177.0	61.5	62.0
25	March	124.8	64.8	63.4
26	April	111.9	69.7	65.5
27	May	116.5	65.5	59.0
28	June	104.1	61.6	64.2
29	July	85.2	57.4	59.9
30	August	56.5	59.0	61.9
	September	58.1	56.4	71.8
	October	65.6	56.3	84.0
	November	61.9	58.0	101.8
	December	54.0	57.8	109.0



Table XVII contains tanker freight indices on a basis similar to Table XVI.

Table XVIII shows the tonnage of new vessels completed in various countries (vessels 100 G.R.T. and over). The principal shipbuilder was shown to be the United Kingdom where the vessels completed in the years 1948, 1953 and 1954 were as follows:

	1948	1953	1954
Number of ships completed	345	233	242
Tonnage of ships completed (G.R.T.)	1,212,698	1,250,263	1,495,657

Table XIX shows the number and tonnage of ships launched in each of the principal countries for 1953 and 1954, total and tankers.

Table XX shows the tonnage of vessels of 100 tons and over (G.R.T.) under construction at December 31, 1954. The total tonnage then under construction in the world was 5.85 m. G.R.T., of which participating countries accounted for 5.02 m. G.R.T. The largest volume of construction was in the United Kingdom which showed 2.14 m. G.R.T. Germany had 772,000 G.R.T., Netherlands 530,000 G.R.T., France 449,000 G.R.T. and Sweden 433,000 G.R.T. In the United States the tonnage of vessels under construction was 99,568 G.R.T.

Table XXI shows new construction in hand



1 or on order amounting in January 1955 to a
2 world tonnage of 11.06 m. G.R.T. Of this to-
3 tal the United Kingdom showed 3,947 m. G.R.T.,
4 Germany 1,417 m., Sweden 1,392 m., Netherlands
5 1,105 m. The total for the United States was
6 194,000.

7 Table XXII - Tanker Orders outstanding
8 by Countries. The world total at July 1, 1955
9 was 7.692 m. D.W.T. Of this total, United King-
10 dom yards had orders for 2.513 m D.W.T., Sweden
11 995,000, Japan 922,000, The Netherlands
12 820,000, France 573,000, Germany 356,000 and
13 Italy 341,000. United States orders outstand-
14 ing were 378,000.

15 Table XXIII - Vessels under Construction
16 in all participating countries.

17 Table XXIV. This table shows index num-
18 bers of cost of building standard freighters
19 in the United Kingdom from 1945 to 1955. These
20 ships are of 9,500 D.W.T., 5,300 G.R.T., 3,200
21 N.R.T. and have a speed of twelve knots. The
22 table shows average hourly wage rates per ton
23 in the ship construction industry, the price of
24 steel plates in sterling per ton and the total
25 cost of construction per ton in pound sterling
26 and has an index number based on 1945 = 100.

27 The cost of constructing new ships dur-
28 ing this period, as shown in Fairplay January
29 13, 1955, has been as follows:
30



1	Year	New Ships L per ton D.W.	Index
2	1945 January	26. 0.0	100
3	1946 January	28. 0.0	108
	1947 April	31.10.0	121
4	1948 April	37. 0.0	142
	1949 April	40. 0.0	154
5	1950 April	42. 0.0	162
	1951 April	46. 5.0	178
6	1952 April	58. 0.0	223
	1953 January	65. 5.0	251
7	1954 January	65. 5.0	251
	1955 January	65.15.0	253
8			

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10 Appendices -

11 Suez Canal Traffic 1946-1954 by tonnage and
12 principal products.13 Panama Canal Traffic by tonnage and principal
14 products.15 Kiel Canal Traffic since 1949 by tonnage and
16 principal products.

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1 ---Exhibit No. 182: Estimate of additional
2 costs which would accrue
3 to shippers in Nova Scotia
4 if U.K. ships should be ex-
5 cluded from participation
6 in Canada's coasting trade,
7 together with covering
8 letter from the Government
9 of Nova Scotia, dated
10 October 11, 1955.

11 EXHIBIT NO. 182

12 Halifax, N.S.,
13 October 11, 1955.

14 The Secretary,
15 Royal Commission on the Coasting Trade,
16 490 Sussex Street,
17 Ottawa, Ontario.

18 Dear Sir:

19 The Government of the Province of Nova
20 Scotia associated itself with the Brief of
21 the Maritimes Transportation Commission submit-
22 ted to the Royal Commission on Coasting Trade.
23 I beg leave on behalf of the Government, to add
24 the enclosed memorandum for the consideration of
25 the Commission in support of the stand against
26 restriction of the Coasting Trade to Canadian
27 flag ships only. This material is an estimate
28 of the additional costs which would accrue to
29 shippers in the Province of Nova Scotia if
30 United Kingdom ships should be excluded from
participation in Canada's Coasting Trade.

Yours very truly,

W.T. Dauphinee,
Minister.

ROYAL COMMISSION ON THE COASTING TRADE

Estimate of The Increase in Shipping Costs to
Nova Scotia Which Would Result From Exclusion of
United Kingdom Ships From Canada's Coasting
Trade.

REVENUE accruing to Canadian companies
engaged in water transportation (1) \$191,792,529.

FREIGHT CARRIED

International Trade, loaded
in Canadian vessels (2) 28.5 million tons.

Coasting Trade

Total loaded (3) 28.6

Loaded in foreign
vessels 1.8

Loaded in Canadian
vessels 26.8 " "

Total Freight loaded
in Canadian vessels 55.3 " "

Assuming total revenue equals total charges, the
average charge per ton ($191.8 \div 55.3$) is approxi-
mately \$3.50.

Additional shipping costs would approximate

\$6,000,000 annually on basis of 1953 volume
figures (3,396,912 tons loaded in Nova Scotia x
1.75 per ton = \$5,944,596), assuming a 50% in-
crease in rates.

MARITIME FREIGHT RATES ACT (1952-53 Fiscal Year)

Total Payments \$ 10.1 million
Nova Scotia's share (65%) 6.56 "

(1) D.B.S. Water Transportation 1953 (Public Fin-
ance and Transportation Division) p.5.

(2) Ibid., p. 5.

(3) D.B.S. Shipping Report Section III 1953,
p. 159.



1 It is assumed that limitation of Canada's
2 Coasting Trade to Canadian-flag ships would mean
3 increased shipping costs. This assumption is
4 based on the fact that the cost of construction
5 and operation of United Kingdom ships, the only
6 substantial non-Canadian participants in the
7 coasting trade, is much lower than ships built
8 in Canada and operated by Canadian companies. It
9 is felt that the removal of this competition
10 would result in an increase in rates to cover
11 the higher costs.

12 In practice, participation in the Coast-
13 ing Trade of Canada by United Kingdom ships has
14 been largely confined to the East Coast and an
15 increase in shipping costs resulting from the
16 removal of United Kingdom competition would
17 bear most heavily on the Atlantic Provinces. The
18 estimated annual cost to Nova Scotia should the
19 United Kingdom ships be excluded is approximate-
20 ly \$6,000,000. It is held to be conservative
21 because the predicted rate increase - 50% on cur-
22 rent rates - is applied only to cargoes loaded
23 in Nova Scotia.

24 It is assumed that the increase in freight
25 rates will be largely borne by the shippers be-
26 cause of the nature of the commodities loaded -
27 coal, petroleum products, iron and steel, gypsum,
28 forest products. Assuming that the increase in
29 rates would make up the difference between United
30



1 Kingdom and Canadian costs of operation, ⁽⁴⁾
2 the increase forecast is 50% or \$1.75 per ton.
3 Using the 1953 volume figures, the additional
4 cost to shippers in the Province would be close
5 to \$6,000,000.00 annually.
6
7

8 (4) Sixth Report of the Canadian Maritime Com-
9 mission. Brief submitted by the Canadian
10 Shipbuilding and Ship Repairing Association
11 to the Royal Commission on Coasting Trade.

12 This does not take into account the pro-
13 bable increase in costs on commodities brought
14 by ship into the Province. It is probable that
15 at least a portion of these additional inbound
16 freight costs would be borne by individuals or
17 concerns in Nova Scotia. Perhaps even more im-
18 portant, no estimate can be made of the adverse
19 effect on railway freight rates of the removal
20 of low-cost shipping competition.

21 In this connection, it is noted that the
22 total federal expenditure in the 1952-53 fiscal
23 year under the Maritime Freight Rates Act was
24 \$10.1 million. A rough estimate of Nova Scotia's
25 share of that total calculated on the basis of
26 the Province's share of outbound railway freight
27 from the Atlantic Region is \$6.5 million. On
28 the basis of a conservative estimate, the
29 cost of removing United Kingdom ships from
30



1 Canada's Coasting Trade thus practically wipes
2 out the benefits received under the Maritime
3 Freight Rates Act.
4

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6 Department of Trade and Industry,
7 Halifax, Nova Scotia,
8 October 11, 1955.
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1 ---Exhibit No. 183: Letter from T.R. McLagan,
2 Canada Steamship Lines Ltd.,
3 to the Secretary of the
4 Royal Commission, dated
5 October 20, 1955, and en-
6 closing statement giving
7 information on Package
8 Freight tonnage imported
9 into or exported from
10 Canada.

11 EXHIBIT NO. 183

12 CANADA STEAMSHIP LINES LIMITED

13 T.R. McLagan
14 President

P.O. Box 100,
Montreal, P.Q.

15 October 20th, 1955.

16 Mr. G.G. McLeod,
17 Secretary,
18 Royal Commission on Coasting Trade,
19 490 Sussex Street,
20 Ottawa, Ont.

21 Dear Mr. McLeod:

22 During the hearings of the Royal Commis-
23 sion at Montreal I was asked the question of
24 how much of our Package Freight tonnage was
25 imported into or exported from Canada. I re-
26 plied that it was approximately 10%.

27 The Chairman asked me if we could supply
28 figures for some years back, and I am attaching
29 a statement giving this information for five
30 years. This statement shows the total tonnage
carried by the Package Freight ships, and the
amount of it which is imported and exported, to-
gether with the percentage.

As regards the veracity of the tonnage
imported and exported, I may say that we must



1 pay a wharfage on all tonnage coming in or going
2 out over the ocean wharves. I trust that this
3 gives you the information that you require.

4 I also include some information dealing
5 with services rendered by the Package Freight
6 ships and the handling of freight.

7 You asked for some information regarding
8 the source of the tonnage of freight passing
9 through the St. Lawrence Canals. This infor-
10 mation is published annually in the Canal
11 statistics, compiled by the Dominion Bureau of
12 Statistics.

13 Yours sincerely,

14
15 (sgd.) T.R. McLagan
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CANADA STEAMSHIP LINES LTD.Package Freight Tonnage - 1950 to 1954 inclusiveIn Total and with Export/Import Tonnage shown by
Weight in Tons and Percentage of Total Tonnage

<u>Year</u>	<u>Total Tonnage</u>	<u>Export/Import Tonnage</u>	<u>Percentage Export/ Import to Total Tonnage</u>
1950	775274	124589	16.1
1951	858210	130629	15.2
1952	934361	117174	12.5
1953	961806	113889	11.8
1954	956565	119980	12.5

CANADA STEAMSHIP LINES LIMITED

MONTREAL, April 1st, 1955

OPENING OF NAVIGATION 1955# PACKAGE FREIGHT SAILINGSTORONTO, HAMILTON, WELLAND CANAL, LEAM-
INGTON; WINDSOR - LAKEHEAD SERVICEFROM TORONTO AND HAMILTONFROM WINDSOR.

April 16 RENVOYLE-EDMONTON

April 18 - MARTIAN

April 19 CITY OF WINDSOR-
KENORAApril 22 COLLING-
WOOD

April 22 BATTLEFORD

April 26 LETHBRIDGE

FROM THOROLDFROM LEAMINGTON

April 16 RENVOYLE

April 16 RENVOYLE

NORTHERN NAVIGATION SERVICEFROM POINT EDWARDFROM LAKEHEAD

April 19 MARTIAN

April 23 MARTIAN

April 22 COLLINGWOOD

April 26 COLLINGWOOD

TORONTO-HAMILTON-MONTREAL SERVICEFROM TORONTO & HAMILTONFROM MONTREAL

April 15 SASKATOON

April 18 SELKIRK

April 15 CITY OF HAMILTON

April 19 WINNIPEG

April 18 FERNIE

April 20 WEYBURN

MONTREAL-CORNWALL-KINGSTON TO WINDSOR-LAKEHEADFROM MONTREAL

April 19 CALGARIAN

April 22 SASKATOON

April 23 BEAVERTON

EASTBOUND FROM SARNIA-WINDSOR-LEAMINGTON & THOR-
OLDFROM SARNIA

April 15 WINNIPEG

The CITY OF TORONTO will leave Hamilton April 16
for Head and Duluth with full load twine.# Subject to weather conditions. L.J. Stock
SUPERINTENDENT OF TERMINALS



1 ---Exhibit No. 184: Letter from Canadian Ship-
2 ping and Marine Engineer-
3 ing News to The Secretary,
4 Royal Commission on Coast-
5 ing Trade, dated November
6 1, 1955.

7 EXHIBIT NO. 184

8 CANADIAN SHIPPING AND MARINE ENGINEERING NEWS
9 481 University Avenue,
10 Toronto 2.

11 November 1, 1955.

12 Mr. G.G. McLeod,
13 Secretary,
14 The Royal Commission on Coasting Trade,
15 470 Sussex St.,
16 Ottawa, Ont.

17 Dear Sir:

18 Under examination by Counsel, Mr. P.
19 Gerin-Lajoie, on October 31st in Toronto, the
20 undersigned was requested to supply the Royal Com-
21 mission with certain further information.

22 The additional data referred to my state-
23 ment that "U.K.-registered vessels had lowered
24 their freight rates to meet those of a Canadian
25 competitor". In support of that statement I
26 now submit as follows.

27 Sometime during the month of March, 1954,
28 I was called upon by an executive of the New-
29 foundland-Great Lakes Steamships Ltd. who
30 asked if I had heard of any impending new tar-
iffs on the Great Lakes-Newfoundland route. Re-
putedly, new and lower rates were being contem-
plated by CNR-Clarke Steamship Co.



1 I knew nothing of this and was then asked,
2 through my various contacts as editor, to ascer-
3 tain if the rumors had any foundation in fact.
4 It was stressed that time was of the essence
5 in getting the information, if true, because
6 then the Newfoundland-Great Lakes SS. would also
7 have to revise its tariffs to conform with any
8 changes. At that time, the firm was preparing
9 for the navigation season under the tariffs in
10 effect in 1953.

11 Shortly afterwards, CNR-Clarke SS. filed
12 the new tariffs with the Board of Transport
13 Commissioners where I obtained a copy. However,
14 the above mentioned firm had by then from
15 other sources obtained the same information.
16 As the Commission is already aware from evidence
17 given during the Montreal hearings, the lower
18 rates were subsequently applied by all lines
19 involved in trade on Newfoundland routes.

20 With your permission, I should like also
21 to illustrate another statement made at the
22 same time.

23 In reply to a question by the Chairman
24 whether or not in my opinion the Canadian-flag
25 bulk trade would be threatened by U.K.-flag
26 competition, my answer was that at this time
27 I did not think the danger was too great but
28 that there was nothing to prevent the danger
29 from becoming acute in the future.
30



1 As an example of the nature of such future
2 dangers, may I now put on record the fact that
3 the Iron Ore Transport Co. of Canada has al-
4 ready engaged a converted British Oil tanker
5 to carry ore from Seven Islands to Contrecoeur.
6 The vessel, the SS. Walton, of 14,569 tons dw.
7 on a draft of 28 ft. 2 3/4 in., was built in
8 1941.

9 My contention is that this indicated
10 that competition for Canadian bulk carriers
11 may easily develop and prove so attractive even
12 now to British owners that a determined effort
13 might be made on a much larger scale when the
14 Seaway is completed, permitting passage to the
15 Great Lakes on an only slightly reduced draft
16 from full load.

17
18 Yours very truly,

19 CANADIAN SHIPPING and
20 Marine Engineering News

21 (sgd.) Eric R. Axelson,
22 Editor.

23
24 ERA/aa
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---EXHIBIT NO. 185:

THE SHIPBUILDING CONFERENCE

VESSELS ENGAGED IN INTERNATIONAL TRADING BUILT IN UNITED KINGDOM FOR CANADIAN AND NEWFOUNDLAND OWNERS

Year	Original Owner	Original Name of Vessel	Type	Grt. Tons	Builder
1921	Canadian Pacific Railway Co., Montreal, P.Q.	Montcalm	Passenger/Cargo	16,418	John Brown & Co. Ltd.
1922	Canadian Pacific Railway Co., Montreal, P.Q.	Montclare	"	16,314	John Brown & Co. Ltd.
	" " "	Empress of Canada	"	21,517	Fairfield S. & F. Co. Ltd.
	" " "	Montrose	"	16,402	"
1925	International Power & Paper Co. Ltd., Corner Brook, Nfld.	Humber Arm Corner Brook	Cargo	5,758 5,767	Armstrong Whitworth & Co. Ltd. "
1927	Canadian Pacific Railway Co., Montreal, P.Q.	Beaverburn	Cargo	9,874	Wm. Denny & Bros. Ltd.
	Gypsum Packet Co. Ltd., Windsor, Nova Scotia	Gypsum King	"	3,914	Furness Shipbuilding Co. Ltd.
	" " "	Gypsum Queen	"	3,915	"
	" " "	Gypsum Prince	"	3,915	"
	Beacon Transportation Co. Ltd., Montreal, P.Q.	Beacon Street	Tanker	7,432	Palmer's Shipbuilding Co. Ltd.
1928	Canadian Pacific Railway Co., Montreal, P.Q.	Beaverbrae	Cargo	9,956	Armstrong Whitworth & Co. Ltd.
	" " "	Beaverdale	"	9,957	"





Year	Original Owner	Original Name of Vessel	Type	Gr. Tons	Builder
1928	Canadian Pacific Railway Co. Ltd., Montreal, P.Q.	Beaverford	Cargo	10,042	Barclay Curle & Co. Ltd.
"	" " " "	Beaverhill	"	10,041	"
"	" " " "	Duchess of Atholl	Passenger/Cargo	20,119	Wm. Beardmore & Co. Ltd.
"	" " " "	Duchess of Bedford	"	20,123	John Brown & Co. Ltd.
"	" " " "	Duchess of Richmond	"	20,022	"
Canadian National S.S. Co., Montreal, P.Q.	Lady Drake	"	"	7,846	Cammell Laird & Co. Ltd.
" " " "	Lady Hawkins	"	"	7,850	"
" " " "	Lady Nelson	"	"	7,831	"
Imperial Oil Shipping Co. Ltd., Toronto, Ont.	Victrolite	Tanker	"	11,410	A. Stephen & Sons Ltd.
" " " "	Vancolite	"	"	11,404	"
1929	Canadian Pacific Railway Co. Ltd., Montreal, P.Q.	Duchess of York	Passenger/Cargo	20,021	John Brown & Co. Ltd.
Canadian National S.S. Co., Montreal, P.Q.	Lady Rodney	"	"	8,194	Cammell Laird & Co. Ltd.
" " " "	Lady Somers	"	"	8,194	"
Gypsum Packet Co. Ltd., Windsor, N.S.	Gypsum Empress	"	"	4,034	Furness Shipbuilding Co. Ltd.
Imperial Oil Shipping Co. Ltd., Toronto, Ont.	Calgarolite	Tanker	"	11,941	"
1930	Canadian Pacific Railway Co. Ltd., Montreal, P.Q.	Empress of Japan	Passenger/Cargo	26,032	Fairfield S. & E. Co. Ltd.
Canadian National S.S. Co., Montreal, P.Q.	Prince David	"	"	6,892	Cammell Laird & Co. Ltd.
" " " "	Prince Henry	"	"	6,893	"
" " " "	Prince Robert	"	"	6,892	"



Year	Original Owner	Original Name of Vessel	Type	Gr. Tons	Builder
1931	Canadian Pacific Railway Co. Ltd., Montreal, P. Q.	Empress of Britain	Passenger/Cargo	42,348	John Brown & Co. Ltd.
1946	Canadian Pacific Railway Co. Ltd., Montreal, P. Q.	Beaverdell	Cargo	9,901	Lithgows Limited
	" " " "	Beaverglen	"	9,824	"
	" " " "	Beaverlake	"	9,824	"
1947	Canadian Pacific Railway Co. Ltd., Montreal, P. Q.	Beaver Cove.	Cargo	9,824	Fairfield T. & E. Co. Ltd.
1953	Mersey Paper Co. Ltd., Liverpool, N. S. Markland		Cargo	6,037	Wm. Denny & Bros. Ltd.
1954	Saguenay Terminals Ltd., Montreal, P. Q.	Sunbrayton	Ore Carrier	6,870	Burntisland Shipbuilding Co. Ltd.
<hr/>					
Source: The Shipbuilding Conference and Lloyd's Register of Shipping					

The Shipbuilding Conference
and
Lloyd's Register of Shipping

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1 -- Exhibit No. 186: Document from P.R. Vaillancourt, St. Lawrence
2 Municipal Bureau,
3 City of Montreal, Dominion Square Bldg.,
4 to Mr. Gerin-Lajoie,
5 re surcharge suggestion
6 for British ships;
7 dated 5th October, 1955.

8 EXHIBIT NO. 186

9 (Covering letter in the French language from
10 Mr. Vaillancourt attached to the following document).

11 1. A surcharge paid by each ship of U.K.
12 flag registry based on the tonnage of cargo
13 carried between inland lake and river ports as
14 revealed by the ship's manifest.

15 Such a scheme would be easy to administer.
16 It would be collected at the entrance to the St.
17 Lambert locks whenever a U.K. flag ship leaves
18 the inland St. Lawrence system at Montreal.

19 It would be weighted in such a manner as
20 to require the ship's owners to charge shipping
21 rates (so far as the inland coastal trade is
22 concerned) comparable to those which Canadian
23 flag shipping would require to charge in order
24 to make a fair and reasonable profit on its
25 operations.

26 It would, moreover, have the merit of re-
27 quiring U.K. flag shipping which is engaged in
28 the coastal trade beyond Montreal to inland
29 lake and river ports of making a just but special
30



1 contribution to the costs of constructing and
2 maintaining the inland locks and navigation
3 channel over and beyond the toll charges paid
4 by all shipping proportionate to the profits
5 these facilities produce for U.K. shipowners
6 insofar as they engage in inter-coastal trade
7 beyond tide-water at Montreal.

8 Thus, in order to meet the thereby rela-
9 tively equalized competition from Canadian
10 flag shipping, U.K. flag shipping would be
11 compelled to maintain relatively low but profit-
12 producing rates which Canadian flag shipping,
13 in turn, would be compelled to meet if it wants
14 to stay in business.

15 In such a manner marine freight rates
16 on the inland lake and river system would be
17 maintained at their lowest consistent with a
18 legitimate profit to all shipowners engaged in
19 the trade.

20 In effect, it would be an excise revenue
21 accruing to the Seaway Authority on the movement
22 of Canadian produced products when such products
23 are shipped inter-domestically in vessels other
24 than those of Canadian flag registry and owner-
25 ship.

26 It would be non-discriminatory inasmuch
27 as the scheme would not preclude U.K. flag ship-
28 ping from engaging in the inland coastal trade
29
30



1 but merely require them to do so on a relative-
2 ly equalized competitive cost basis with Canad-
3 ian flag shipping.
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1 ----Exhibit No. 187: Submission of the Manitoba
2 Transportation Commission

3
4 EXHIBIT NO. 187

5 TO: Royal Commission on Coasting Trade
6 490 Sussex Street
7 Ottawa

8 Supplementary exhibit showing the relative cost of
9 moving grain from lakehead to Montreal (a) by present
10 method, (b) direct by upper lake vessels after open-
11 ing of seaway and (c) direct by U. K. flag ocean
12 vessel after opening of seaway.

13 Submitted on behalf of the Government of Manitoba,
14 as requested by the Commission at the Winnipeg Hear-
15 ings (p. 1810 of the transcript).

16
17 _____
18
19
20 THE RELATIVE COST OF MOVING GRAIN FROM
21 LAKEHEAD TO MONTREAL

22 This exhibit compares the cost, to the ship
23 operator, of moving a bushel of grain from lakehead
24 ports on the one hand to "on board" an ocean vessel
25 at Montreal on the other, by each of three alter-
26 native methods. The results show two things:

27 (a) that after the opening of the St.
28 Lawrence Seaway, these costs will fall from around
29 11 cents per bushel to around $6\frac{1}{2}$ cents, a decline
30 of about 40 per cent, and



(b) that after the opening of the Seaway, Canadian flag upper lakers should be able to more than hold their own against competition from U. K. flag ocean vessels that might enter the grain trade. The computations show that in spite of lower wage rates and capital costs for U. K. ships, the cost of moving grain by U. K. ocean vessels will be about 25 per cent above the comparable cost of moving grain by upper laker.

(A)

Movement by large upper laker to Prescott, thence by canaller to Montreal, plus cost of elevation to ocean vessel at Montreal:

TOTAL COST . . 10.973 cents per bushel

Computation:

- (1) Upper laker component. Eleven operating days to move 700,000 bushels from lakehead to Prescott. At \$2471 per day, this averages to 3.883 cents per bushel.
- (2) Elevation charges at Prescott are 0.700 cents per bushel.
- (3) Discharge to canaller costs 0.500 cents per bushel.
- (4) Storage costs at Prescott assumed to be negligible.
- (5) Canaller component. Four operating days to move 80,000 bushels from Prescott to Montreal. At \$383 per day, this averages to



1		4.440 cents per bushel.
2	(6) Elevation at Mont-	
3	real:	0.900 cents per bushel.
4	(7) Discharge into	
	ocean vessel:	0.600 cents per bushel.
5	TOTAL:	10.973 cents per bushel.

(B)

8 Movement by large upper laker from lakehead direct
9 to Montreal after opening of the Seaway:

10 TOTAL COST . . 6.589 cents per bushel

11 Computation:

12 (1) Upper laker. Thirteen operating days at
13 \$2471 per day to move 700,000 bushels to Mont-
14 real. This averages to
15 4.589 cents per bushel
16 (2) Toll charges through seaway. These have not
17 yet been fixed but the probable range will be
18 25 to 35 cents per short ton of grain. For
19 present purposes, an average figure of 30 cents
20 a short ton is assumed:

21		0.500 cents per bushel.
22	(3) Elevation charges	
23	at Montreal:	0.900 cents per bushel.
24	(4) Discharge into	
	ocean vessels at	
25	Montreal:	0.600 cents per bushel.
26	TOTAL:	6.589 cents per bushel.

(C)

28 Movement by U. K. Flag ocean vessel from lakehead
29 to Montreal:



TOTAL COST . . 8.74 cents per bushel.

Computation:

- (1) Twelve and a half operating days at \$1648 per day to move 250,000 bushels. This averages to:
8.24 cents per bushel.
- (2) Toll charge: 0.500 cents per bushel.
- TOTAL: 8.74 cents per bushel.

TABLE 1.

BASIC DATA AND ASSUMPTIONS USED IN COMPUTATIONS

	Large Upper Laker	9000 ton U.K.ocean Canaller Vessel	
	\$	\$	\$
(1) New Construction Costs	5,500,000	1,000,000	3,440,000

ANNUAL CAPITAL COSTS

(2) Annual Depreciation	183,333	33,333	172,000
(3) Annual Insurance at 2½%	68,750	12,500	43,000
(4) Total Annual Capital Cost	252,083	45,833	215,000

DAILY OPERATING COST

(5) Daily Imputed Capital Cost	1,008	183	642
(6) Daily Fuel Cost	593	200	440
(7) Daily Wage Cost	299	202	162
(8) Daily Imputed Overtime and Leave Pay	60	40	32
(9) Daily Subsistence	93	63	92
(10) Daily Stores, Maintenance and Repairs	418	200	280
(11) TOTAL DAILY COST	2,471	888	1,648

TURN AROUND TIMES

(12) Lakehead to Prescott	11 days	-	-
(13) Prescott to Montreal	-	4 days	-
(14) Lakehead to Montreal (after 1959)	13 days	-	12½ days
(15) Effective Grain Cargo Capacity in Fresh Water (bushels)	700,000	80,000	250,000

EXPLANATORY NOTES TO TABLE 1

(1) New construction costs for U. K. built ocean vessels are difficult to obtain because fixed-cost contracts are rare. The figure used is based upon a recent fixed-contract bid by the Bremen Vulcan shipyard for three 8,900 ton ocean going vessels. The bid was \$2,750,000 per ship and it is assumed that this is 20 per cent lower than total cost of building in a U. K. yard, thus giving an estimate of \$3,440,000 for a U. K. build ship ($\$2,750,000 \times \frac{100}{80}$). The following report from the New York Times, June 15, 1955, is attached:

"An important British shipping line gave a "shock to the shipbuilding trade by announcing that it had ordered three fast new "freighters from West Germany.

"The Shaw Savill Line, which trades "with New Zealand and Australia, said it "had given its order to a foreign yard "for the first time because it could get "the ships quicker.

Moreover, it said, the bid by the



1 "Bremen Vulcan shipyard at Bremen was from
2 "15 to 25 per cent lower than most British ones,
3 "and was on a fixed price basis. British yards,
4 "fearing new wage increases, offered 'cost
5 "plus' as an alternative to their high prices.

6 "The ships, priced at about \$2,750,000
7 "each, will be of 8,900 tons capacity and have
8 "a speed of $16\frac{1}{2}$ knots."

9 (2) Annual depreciation charges are computed to
10 show only the annual amount needed to return invested
11 capital to the owners. It does not include any
12 interest or profit on the capital tied up in the
13 vessel. A thirty-year economic life is assumed for
14 fresh water vessels and a twenty-year economic life
15 for salt water vessels.

16 (3) Annual insurance charges in hull and machinery
17 are computed at $2\frac{1}{2}$ per cent of vessel's average book
18 value over its economic life. E.G., in the case of
19 the upper laker, this is $2\frac{1}{2}\%$ per annum of one-half
20 of \$5,500,000.

21 (4) Total Annual Capital Cost is equal to item
22 2 plus item 3.

23 (5) Daily imputed capital costs are based on
24 annual capital cost divided by the normal number of
25 operating days in the year within which the whole
26 annual cost must be recovered. Fresh water ves-
27 sels are assumed to operate 250 days per annum, and
28 salt water vessels operate 335 days per annum (leav-
29 ing one month for annual docking, etc.).
30



(6) Average daily fuel costs are based upon the following:

Large upper laker: 35 tons of fuel oil per day at \$16.93 per ton,

Canaller: 12 tons of fuel oil per day at \$16.93 per ton,

9000-ton ocean vessel: 26 tons of fuel oil per day at \$16.93 per ton.

(7) Daily wage costs:

(a) Large upper laker: based on a monthly wage bill of \$8,966 for 31 man crew list (see Exhibit 8, Brief B-80, Vol. II, Submissions to Royal Commission on Coasting Trade).

(b) Canaller: monthly wage bill of \$6,073 based on a 21 man crew.

(c) U.K. ocean ship: monthly wage bill of \$4,849 for a 42 man crew,

Computed as follows:

CREW LIST AND WAGE SCALES, 10,000 TON U.K.
SHIP IN CANADIAN WATERS

<u>OFFICERS</u>	<u>(1) Number</u>	<u>Monthly (2) Wage*</u>	<u>TOTAL (1 x 2)</u>
Master	1	\$225.63	\$225.63
Chief Officer	1	187.34	187.34
2nd Mate	1	138.00	138.00
3rd Mate	1	122.82	122.82
Chief Engineer	1	225.63	225.63
2nd Engineer	1	187.34	187.34

(cont'd)

*Sterling rates have been converted to Canadian dollars on the basis of one pound = 2.76 dollars.



1	3rd Engineer	1	148.70	148.70
2	4th Engineer	1	125.92	125.92
3	5th or Junior			
4	Engineer	1	104.54	104.54
5	Radio Officer	1	118.00	118.00
6	SUB-TOTAL	10		\$1,573.92
7	<u>DECK PERSONNEL</u>			
8	Bosun	1	114.54	114.54
9	Carpenter	1	119.72	119.72
10	Able Seaman	8	104.88	839.04
11	Ordinary Seaman	2	73.48	146.96
12	SUB-TOTAL	12		\$1,220.26
13				
14	<u>ENGINE ROOM</u>			
15	Electrician	1	136.28	136.28
16	Donkeyman	3	103.50	310.50
17	Firemen	6	106.26	637.56
18	Wipers	3	103.50	310.50
19	SUB-TOTAL	13		\$1,394.84
20				
21	<u>STEWARD DEPARTMENT</u>			
22	Chief Steward	1	132.14	132.14
23	Chief Cook	1	123.16	123.16
24	2nd Steward	1	102.12	102.12
25	Assistant Cooks	2	104.88	209.76
26	Mess/Cabin Boys	2	46.23	92.46
27	SUB-TOTAL	7		\$ 659.64
28				
29	TOTAL CREW	42		\$4,848.66
30				



1 The difference between the pay scales shown
2 here and those shown in Exhibit 8, Brief B-80, Vol.II,
3 Submissions to the Royal Commission, are as follows:

- 4 (a) The pay scales shown here include the Canadian
5 bonus of \$16.56 per month.
- 6 (b) They also include Efficiency Service Increments,
7 whenever applicable, for unlicensed crew. This
8 amounts to \$11.04 over and above minimum scales
9 for persons with four years of service.
- 10 (c) They reflect basic scale changes that have
11 been in effect since May 30, 1955.

12

13 (8) Imputed daily cost of overtime pay, holiday
14 pay, unemployment insurance, etc., is computed at 20
15 per cent of basic wage bill.

16 (9) Subsistence is computed at \$3.00 per man for
17 Canadian vessels and \$2.20 per man for U.K. vessels.

18 (10) Ship stores, repairs and maintenance costs
19 are based entirely on data acquired through inter-
20 views conducted during the study.

21 (11) Total Daily Cost. This concept includes all
22 direct costs and all semi-direct costs associated
23 with a specific vessel but it excludes the overhead
24 cost of shore personnel and management and excludes
25 profit and interest on fixed and working capital tied
26 up in the operation of a vessel.

27 (12) The turn-around time of a large upper laker
28 from Lakehead to Prescott, includes loading time
29 at lakehead (assumed to be about 30 hours) and
30



1 unloading time at Prescott (about 24 hours). It also
2 allows a margin for delays. This estimate has been
3 checked against a sampling of the records of the
4 Board of Grain Commissioners which show that the
5 "Scott Misener" made 6 consecutive round trips with
6 grain from lakehead to Prescott within 67 days.

7 (13) Canaller round trips include loading, transit,
8 and unloading.

9 (14) The direct run with grain from lakehead to
10 Montreal will take about 5 days after the seaway is
11 opened. Allowing an upper laker a day for loading,
12 a day for unloading, and a day for "delays", the
13 round trip will take 13 days. An ocean vessel will
14 require a few hours less to load at lakehead, and
15 will not be held up at Montreal to unload. However,
16 she will have to stop at Montreal to "top-up" to her
17 maximum salt-water draught. Her round trip time
18 will be $\frac{1}{2}$ day less than for an upper laker of the
19 same speed.
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-- Exhibit No. 188: Letter from W.A. Phillips,
Anderson & Co. Ltd., Lon-
don, England, to Branch
Lines Ltd., Sorel, Que.,
dated 28th October, 1955.

EXHIBIT NO. 188

W.A. PHILLIPS, ANDERSON & CO., LTD.
SHIP OWNERS

Reference: MEXBOROUGH HOUSE,
WAP/DD/13789 17, Berkeley Street,
London, W. 1.

28th October, 1955.

Branch Lines Ltd.,
Sorel,
Quebec, Canada.

Dear Sirs:

Over the past 30/40 years the Canaller
has been developed to a high level of operat-
ing efficiency to suit available facilities on
the Great Lakes. Now that the St. Lawrence
Seaway has commenced construction, it will be
realised that the type of vessel to replace the
existing Canallers is bound to change consider-
ably in design and, with this point in mind,
owners may well be reluctant to embark upon any
large new programmes of construction of Canallers
of necessarily restricted dimensions for the
next five to seven years.

After consideration, we have carefully
examined the possibility of converting the
existing types of Canaller from steam to diesel
so as to bring them into conformity with more



1 modern vessels, thereby reducing operating
2 costs and increasing payload until the Seaway
3 is completed and then having a more valuable
4 and saleable asset.

5 Our programme would be for you to place
6 your vessel in our hands during the winter
7 months on a suitable bare boat charter, at the
8 completion of which we would guarantee to
9 deliver your vessel back to you in the early
10 Spring, having converted her to the latest type
11 of propulsion and passed survey, at a minimum
12 cost. If we are able to work up profitable trad-
13 ing for the vessels during off-seasons, we would
14 be pleased to charter the vessels from you for
15 subsequent off-seasons and, when you ultimately
16 replace them with larger vessels, make you an
17 offer to purchase or charter.

18 The cost of conversion should be cheaper
19 in the U.K. than in North America - possibly
20 in the region of £60,000.0.0., depending on the
21 specification you require. We have friends
22 who would be pleased to undertake the work with
23 early delivery: for example, the Milford Haven
24 Dry Dock Company has available modern plant and
25 dockside facilities capable of undertaking this
26 type of work and, as their North American agents,
27 we should be handling the complete job.

28 We shall be pleased to provide you
29 with any further particulars you may require
30



1 on request or, alternatively, would be pleased
2 to call on you at your convenience to discuss
3 details with you so that we may be able to pro-
4 vide you with the answer to the present shortage
5 of high efficiency Canaller-type craft.

6 We suggest you let us have a General
7 Arrangement Drawing of any vessels you might
8 consider converting, together with any special
9 improvements you would require, and we will let
10 you have an approximate estimate without any
11 obligation to you at this stage.

12
13 Yours faithfully,

14 For and on behalf of,
15 W.A. PHILLIPS, ANDERSON & CO. LTD.

16 (sgd.) W.A. Phillips

17 MANAGING DIRECTOR
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ROYAL COMMISSION ON COASTING TRADE

EXHIBIT NO. 165

ANSWERS TO QUESTIONS ASKED
OF DOMINION MARINE ASSOCIATION





1 ---EXHIBIT NO. 165: Answers to questions asked of
2 Dominion Marine Association.

3 THE ROYAL COMMISSION ON THE
4 COASTING TRADE OF CANADA

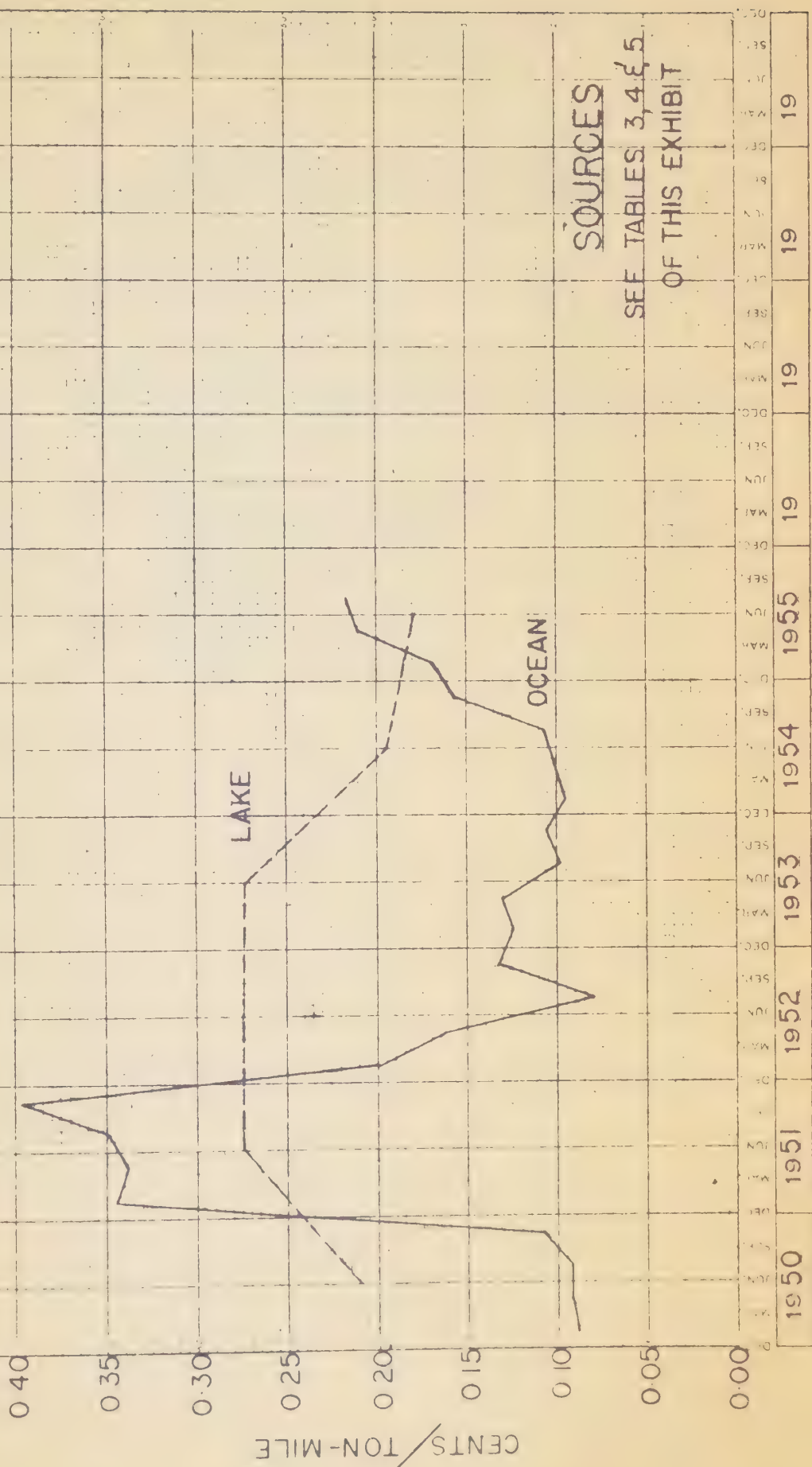
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9 EXHIBIT NO. 165

10 ANSWERS TO QUESTIONS ASKED OF
11 DOMINION MARINE ASSOCIATION
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18 General Reference: Transcript, Volume 15 C,
19 page 4921, being answers, together with explana-
20 tory material, to various questions asked of
21 Dominion Marine Association arising out of the
22 proceedings.
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GRAPH 165-

FREIGHT CHARGES ON WHEAT PER TON-MILE,
ST. LAWRENCE PORTS TO THE UNITED KINGDOM,
AND ACROSS THE GREAT LAKES, 1950-1955



SOURCES
SEE TABLES 3, 4 & 5
OF THIS EXHIBIT



I.

(1) NOTES ON THE REALITY OF COMPETITION
FACED BY GREAT LAKES VESSELS UPON
COMPLETION OF THE SEAWAY.

(a) Graph 165.1 - Freight charges on
Wheat per ton-mile, St. Lawrence
Ports to the United Kingdom, and
Across the Great Lakes, 1950-1955

References: Vol. 11,
pp. 3721, 3728, 3729
Exhibit 7, p. 20.

(b) A note or explanation of Graph 165.1
together with Tables 165.3, 165.4 and
165.5, from which it was constructed.

(c) A further explanation of daily oper-
ating costs arising out of Exhibit 93,
consisting of Tables 165.1 and 165.2
together with their explanation.

(d) Answer to remark of the Chairman,
Vol. 11, page 3719, lines 8-19.



(b) NOTE OR EXPLANATION OF GRAPH 165.1

In Exhibit 7, a comparison is made of the freight charges per ton-mile for the carriage of wheat from Fort William-Port Arthur to the Georgian Bay ports and Goderich and from the St. Lawrence ports (Montreal, Sorel, Three Rivers and Quebec) to London and Liverpool as they were at about the beginning of May 1955. At that time the earnings for the ship, after deducting loading and other charges in each case, came to 0.179 cents per ton-mile in the case of the haul upon the Lakes and 0.211 cents for the ocean haul.

This memorandum is designed to expand that comparison by making use of a semi-private compilation of the charges from St. Lawrence ports and to discuss the place which ton-mile computations should be given in any discussion of the reasonableness of transport charges for carriage by water.

Mr. F. T. Rowan, agent for the Canadian Wheat Board in Montreal, has maintained a record of the weighted average charge for the carriage of grain from St. Lawrence ports for vessels of approximately 10,000 tons. The data are shown as quarterly averages for each of the years 1950-54 and for the first three quarters of 1955. The unit of quotation is sterling. The quotations are made on the basis of one quarter (i.e., 8 bushels - 480 lbs.)



Exhibit No. 165, P. 5

1 from 1950 to the first quarter of 1953 and on the
2 basis of one ton of 2,240 lbs. in and after the second
3 quarter of that year. The conversion of sterling
4 into Canadian money was made by Mr. Rowan. It has
5 been checked and confirmed.

6 Table 165.3 shows the data as quoted in
7 sterling and as converted into dollars. Table 165.4
8 shows in full detail the conversion of these data
9 into costs in cents per ton-mile.

10 Table 165.5 shows the corresponding ton-mile
11 costs for movement upon the Upper Lakes.
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TABLE 165.3

GRAIN FROM ST. LAWRENCE PORTS TO THE UNITED KINGDOM
WEIGHTED AVERAGES FREIGHT FOR VESSELS OF
APPROXIMATELY 10,000 TONS^x

	RATE ----	CANADIAN EQUIVALENT
<u>1950</u>		
1st Quarter	7/9 per quarter	\$1.19
2nd Quarter	7/11 " "	1.22
3rd Quarter	7/11 " "	1.22
4th Quarter	9/2 " "	1.35
<u>1951</u>		
1st Quarter	22/6 per quarter	3.30
2nd Quarter	21/9½ " "	3.25
3rd Quarter	22/4 " "	3.33
4th Quarter	25/10 " "	3.74
<u>1952</u>		
1st Quarter	15/- per quarter	2.10
2nd Quarter	13/1 " "	1.80
3rd Quarter	8/2 " "	1.10
4th Quarter	11/4½ " "	1.55
<u>1953</u>		
1st Quarter	10/9 per quarter	1.48
2nd Quarter	50/10½ per ton	7.13
3rd Quarter	42/7 " "	5.93
4th Quarter	45/1½ " "	6.20
<u>1954</u>		
1st Quarter	42/6 per ton	5.80
2nd Quarter	43/5 1/8 per ton	6.02
3rd Quarter	45/7 " "	6.22
4th Quarter	59/11 " "	8.12
<u>1955</u>		
1st Quarter	63/- per ton	8.60
2nd Quarter	73/8½ " "	10.17
3rd Quarter	75/11½ " "	10.45
4th Quarter		

x Supplied by F. T. Rowan, Montreal, October 1955.



Exhibit 165, P. 7

TABLE 165.4

COMPUTATION OF TON-MILE COSTS OF MOVING GRAIN FROM
ST. LAWRENCE PORTS TO THE UNITED KINGDOM

	Freight per ton of 2000 pounds ^x \$	Less loading and unload- ing costs / \$	Gross Return to the Ship for transport service (Col. II - Col. III) Amount \$	per ton mile ¢
<u>1950</u>				
I	4.96	1.87	3.09	.089
II	5.08	1.87	3.21	.093
III	5.08	1.87	3.21	.093
IV	5.63	1.87	3.76	.109
<u>1951</u>				
I	13.75	1.87	11.88	.344
II	13.54	1.87	11.67	.338
III	13.88	1.87	12.01	.348
IV	15.58	1.87	13.71	.397
<u>1952</u>				
I	8.75	1.87	6.88	.199
II	7.50	1.87	5.63	.163
III	4.58	1.87	2.71	.079
IV	6.46	1.87	4.59	.133
<u>1953</u>				
I	6.17	1.87	4.30	.125
II	6.37	1.87	4.50	.130
III	5.29	1.87	3.42	.099
IV	5.54	1.87	3.67	.106
<u>1954</u>				
I	5.18	1.87	3.31	.096
II	5.37	1.87	3.50	.101
III	5.55	1.87	3.68	.107
IV	7.25	1.87	5.38	.156
<u>1955</u>				
I	7.68	1.87	5.81	.168
II	9.08	1.87	7.21	.209
III	9.33	1.87	7.46	.216
IV				

x Based on Table 165.3, and source there noted.

/ See Exhibit 6.



TABLE 165.5

WEIGHTED AVERAGE FREIGHT PER BUSHEL FOR THE CARRIAGE
OF WHEAT FROM FORT WILLIAM-PORT ARTHUR TO GEORGIAN
BAY PORTS AND GODERICH

Year	Freight Per Bushel per ton ¢	Freight per ton \$	Handling Charges per ton \$	Column V per ton Mile	Column V per ton Mile
1950	4.50	150.0	.372	1.128	.210
51	5.53	184.3	.372	1.471	.274
52	5.53	184.3	.372	1.471	.274
53	5.51	183.7	.372	1.465	.273
54	4.26	142.0	.372	1.048	.195
1955	4.00	133.3	.372	.961	.179



The two sets of ton-mile costs in Tables 165.4 and 165.5 above are then put down in Graph 165.1 so that they may be directly compared.

Study of that graph will show that in periods of high demand for tonnage the charge for the ocean haul goes far above the charge for the haul across the Lakes, even though the haul is over six times as long.⁽¹⁾ Conversely, when the demand for tonnage was weak, the ocean rates fell to one-half the lowest charge registered upon the lakes in the same six-year period.

The charge per ton-mile is a natural comparison if one approaches the problem from the standpoint of the shipper of a single cargo only. The cheaper he can move his shipment, the greater is his potential profit. By definition he has no interest beyond his single cargo. It is much less significant for the shipper who is and who expects to be a more or less regular user of transport service. He is bound to weigh the immediate advantage to him of a distress rate against the ultimate disadvantage if such low rates force the scrapping of ships because they

⁽¹⁾ The weighted average distance from Fort William-Port Arthur to the Georgian Bay ports and Goderich is 537 statute miles (The Grain Trade of Canada, 1952-3, p. 111.) The average distance from Montreal to London and Liverpool via Belle Isle and Cape Race is 3,450 statute miles. The ratio between the two distances is 6.4-1. Other things being the same the charge per ton-mile should diminish with distance because the proportion of the ship's time spent in port would decline and costs are a function of time rather than of mileage travelled.



1
2 can no longer earn their costs. He wants rates
3 which are as low as are consistent with continuity
4 of service and with progress in the industry. Those
5 two long-run interests cannot be satisfied by a
6 depressed industry.

7 The ship operator, on the other hand, never
8 thinks in terms of ton-miles at all. Practically
9 all his costs run in terms of time rather than
10 mileage. Fuel and lubricating oil are the only
11 substantial ones which vary with mileage covered
12 and they are a minor part only of total costs. The
13 crew and its maintenance, repairs and paint, the
14 general administrative expenses, insurance
15 depreciation and interest all run on whether the
16 ship is in active use or is standing idle.
17 Practically all the costs are incurred in order
18 to be ready to give service. The additional outlays
19 required actually to carry cargo are minor.

20 (c) A FURTHER EXPLANATION OF DAILY OPERATING
21 COSTS ARISING OUT OF EXHIBIT 93.

22 From the figure of actual ton-mile earnings
23 given above and the schedule of daily operating
24 costs of the large new upper lake type ships given
25 in Exhibit 93, it is not too difficult to figure
26 out the mileage under load which must be made
27 each year at the rates currently in effect in order to
28 cover costs.

29 The current grain rate, Fort William-Port
30 Arthur to Georgian Bay ports and Goderich is 4 cents



Exhibit 165, P. 11

per bushel or \$1.333 per net ton of 2,000 lbs.
Subtracting 37.2 cents per ton for loading and
other charges leaves 96.1 cents per ton or 0.179
cents per ton-mile as the gross revenue of the ship
for its service as a carrier.

The first column of Exhibit 93 which shows
the average costs of a large new and efficient
upper lake type ship is repeated below in slightly
different form for convenient reference.

TABLE 165. 1

Schedule of Daily Operating Costs of Four Upper Lake
Ships, Based on Actual Figures of the 1951-54
Operating Seasons^x.

	Range	Average
Keel Length in feet	630 - 680	652
Gross tonnage	12,400- 13,900	12,972
Capacity in bushels of wheat	650,000-750,000	677,000
Average number of days operated per year		200
Daily operating cost before depreciation, dollars		1,789
Provision for depreciation at 6 per cent of cost \$		1,289
Daily operating cost including depreciation \$		3,078

x See Exhibit 93, p.1

ALTERNATIVE TABLES IF 230 YEARLY OPERATING DAYS BE
CONSIDERED

ALTERNATIVE TABLE 165.1

Schedule of Daily Operating Costs of Four Uppeer Lake
Ships, Based on Actual Figures of the 1951-54 Operating
Seasons *

	Range	Average
Keel length in feet	630 - 680	652
Gross tonnage	12,400 - 13,900	12,972
Capacity in bushels of wheat	650,000 - 750,000	677,000
Average number of days operated per year		230
Daily operating cost before depreciation, dollars		1,789
Provision for depreciation at 6 per cent of cost \$		1,121
Daily operating cost including depreciation \$		2,910

* See Exhibit 93, p.1

In order to earn its total direct costs but before providing any return upon the capital invested such a ship must, therefore earn a total of $230 \times 2,910 = 669,300$. At 0.179 cents per ton-mile that means producing 374,000,000 ton-miles per year. If employed in the trans-lake grain business, returning light, and if loaded to capacity on every trip east, she would have to make the following number of trips, namely:

$$\frac{374,000,000}{20,310 \times 537 = 1,090,697} = 34.3$$



1 or one round trip every 6.71 days = 6 days 17 hrs.
2 = 161 hours.

3 Figures have been obtained from one of the
4 member companies which show the average times of
5 movement, of loading and unloading, and average
6 delays over a long period. They indicate that the
7 normal round trip time for such a load and
8 with an open-lake speed of 14 miles per hour would
9 be 164 hours. Therefore, even if this ship was
10 assured before the season opened that it would always
11 have grain available in full loads and would never be
12 subject to any unusual delay at any time during the
13 season it could not earn its bare expenses, to say
14 nothing of earning interest upon its cost because
15 in 230 days it could only manage to make 33.7
16 voyages and any of the normal external factors
17 which usually occur in each season in greater or less
18 degree, - the failure of grain to offer for carriage,
19 an inability to get full loads or the failure to
20 clear by terminal elevators so that there would be
21 additional delays in waiting for the opportunity
22 to unload - would merely add to the inevitable loss.



ALTERNATIVE TABLE 165.2

Gross Revenues per Ship per Year Necessary to Pay 5 per cent Upon the Average Original Cost of the Four Upper Lakers Built Since 1950

	If all capital is borrowed at 5 per cent	If all the capital is provided by the shareholders who are to earn 5 per cent after income tax
--	--	--

	\$	\$
1. Out of pocket costs 230 days at 1789 per day	411,470	411,470
2. Depreciation at 6 per cent on estimated original cost	257,800	257,800
3. Interest at 5 per cent on cost	214,833	
4. Gross return to shareholders, before income tax		387,609
	884,103	1,056,879

Note: Corporate income tax is at the rate of 20 per cent on the first \$20,000 and at 47 per cent on the balance. The only difference between the two columns is in item 4 and there by income tax only. The shareholders must earn 387,609 to have 214,833 left after income tax.

In order to earn such revenues at the current charge of 0.179 cents per ton-mile, the ships would have to produce 464,900,000 and 563,200,000 ton-miles respectively, each year. This would mean 42.6 and 51.6 trips respectively from Fort William-Port Arthur to Georgian Bay ports and Goderich loaded to capacity on each eastward trip, which is physically impossible.



1 In order to earn its total direct costs but
2 before providing any return upon the capital invested,
3 such a ship must, therefore, earn a total of
4 $200 \times \$3,078 = \$615,600$ per year. At 0.179 cents
5 per ton-mile, that means producing 344,000,000
6 ton-miles per year. If employed in the trans-lake
7 grain business, returning light, and if loaded to
8 capacity on every trip east, she would have to make the
9 following number of trips, namely:

$$\frac{344,000,000}{20,310 \times 537} = 31.5$$

12 or one round trip every $6 \frac{1}{3}$ days.

13 In other words, any interruption to a perfect
14 sailing schedule - a failure of grain to offer for
15 carriage, an inability to get full loads, or delays
16 at either the loading or the unloading points -
17 would make it impossible even to cover necessary
18 expenses.

19 If, superimposed upon this, the rates were to be
20 depressed from time to time by the competition of
21 tramp ships which would come in to the Lakes when the
22 demand for tonnage on ocean routes was slack, it is
23 quite clear that it would be impossible to maintain
24 a specialized lake fleet which would always be
25 available to handle the business of the area. The
26 business would almost inevitably go to ships from
27 abroad operating on lower levels of cost.

28 Addendum:

29 The average original cost of these
30



1 four ships (which is almost certainly less than
2 their currently replacement value) can be deduced
3 from the figures given for depreciation which was
4 computed at 6 per cent of cost as follows:

5 Average original cost - $\frac{200 \times \$1,289}{.06}$ - \$4,296,667

6 These ships are, technically, the most
7 efficient in the trade. Therefore if they cannot
8 earn a reasonable return upon their original cost,
9 there is no hope that the whole capital invested
10 in the business can be maintained. It may
11 therefore be interesting to compute what the grain
12 rate would have to be in order to make the business
13 even moderately attractive. This is done upon two
14 bases. The first assumes that the whole capital
15 cost can be borrowed; the second, that the money
16 is put up by the shareholders and therefore any
17 return upon it is subject to corporate income tax.
18 In each case the desired return is taken at 5 per
19 cent, which is certainly too low to attract capital
20 into a risky occupation. The figures which follow
21 therefore represent minima, - the amount necessary
22 to keep an existing investment intact, but not
23 enough to attract new capital into the business.
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TABLE 165.2

Gross revenues per ship per year necessary to pay
5 per cent upon the average Original Cost of the
Four Large Upper Lakers built since 1950.

	If all the capital is borrowed at 5 per cent \$	If all the capital is provided by the shareholders who are to earn 5 per cent after revenue loss \$
1. Out-of-pocket costs 200 days	357,800	357,800
2. Depreciation at 6 per cent on cost	257,800	257,800
3. Interest at 5 per cent on cost	214,833	
4. Gross return on share- holders' capital to yield a net 5 per cent after income tax of 20% on the first 20,000 and 47% on the balance		392,610
Necessary gross earnings	830,433	1,008,210



1 In order to earn such revenues at the current
2 charge of 0.179 cents per ton-mile, the ships would
3 have to produce 464,900,000 and 563,200,000 ton-miles
4 respectively, each year. This would mean 42.6 and
5 51.6 trips respectively from Fort William-Port
6 Arthur to Georgian Bay ports and Goderich loaded
7 to capacity on each eastward trip.

8 It is therefore clear that, under existing
9 conditions, the most efficient Upper Lake type
10 ships are hard put to justify themselves. Under
11 the pressure of ocean tramp competition at depressed
12 rates, they could not exist.

13 (c) ANSWER TO REMARK OF THE CHAIRMAN,
14 VOL. 11, PAGE 3719, LINES 8-19

15 "MR. GERITY: I think Capt. Misener's evidence,
16 and he owns 23 canallers, was that 80 per
17 cent of them would be no use, if I recaollect
18 correctly. I will look it up.

19 THE CHAIRMAN: I remember him saying it but I
20 also heard that he had bought 6.

21 MR. GERITY: What his records may be I don't
22 think would appear.

23 THE CHAIRMAN: It is not up to you to give them,
24 but I think we will have to hear them from
25 Mr. Misener some time or other. "

26 Mr. Gerity has discussed this matter with
27 Captain Misener in the light of his evidence
28 previously given, in order to satisfy the
29 Chairman's remark, above quoted, and the answer
30 is that it requires 7 canallers, approximately,
to carry forward to Montreal the grain which can
be carried in the new larger bulk carriers in the
building of which Captain Misener has been a

Vol.10
p.393
lines 18-22



1 pioneer. Having invested heavily in such large
2 carriers in order to balance his fleet and carry
3 the grain forward to Montreal, he required more
4 canal size vessels, irrespective of whether they
5 would be useful following the coming of the Seaway
6 and irrespective of whether they could do more than
7 pay their operating cost. The complete movement is
8 by one bill of lading from the lake head to Montreal,
9 and it is for the Upper Lakes carrier to arrange
10 onward carriage on transshipment.

11
12 (2) A NOTE ON NAVAL ARCHITECTURE AS TO
13 THE TYPE OF VESSELS FROM WHICH
14 COMPETITION IS TO BE EXPECTED.

15 A dual-purpose bulk carrier suitable for the
16 carriage of ore and/or oil and/or grain. Ref. Vol. 11
17 pp. 3704,
18 3706, 3707.

19 (a) Drawing 165.6, being design No. 115
20 prepared by Mr. E. E. Bustard, A.M.I.N.A., Vol. 11,
21 p. 3704.
22 a previous witness before the Commission,
23 and dated October 1955.
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1
2 This design is a simple outline arrangement showing
3 the type of vessel which might be contemplated for
4 operation in the Lakes in season and on the ocean
5 when required in that trade. The vessel would
6 alternately carry ore and/or oil and could be used
7 for the carriage of grain, if necessary. Reference:
8 a statement in FAIRPLAY magazine of September 22,
9 1955:-

10 THE FREIGHT MARKET

11 "Grain charterers have partly overcome the
12 tight tonnage position by booking several
13 tankers for trips to the Continent. Whether
14 this is indicative of the future increased
15 utilization of tankers as grain carriers is
16 probably dependent upon trading conditions
17 in the oil industry. "

18 A statement somewhat to the same effect appears
19 in the same magazine in a previous issue - September
20 15, 1955 - entitled "GRAIN CARGOES IN TANKERS":

21 "The Monthly Circular of the Baltic and
22 International Maritime Conference, referred
23 to in these columns last week, suggests
24 that over the last four months it is
25 possible that 15 fixtures have been
26 negotiated to carry grain in tankers and
27 there are grain charterers still interested
28 in tanker tonnage. "

29 We would observe that these references are
30 directed to ordinary tank ships designed as such.



Drawing 165.6 shows the dead weight carrying capacities at various drafts, together with the possible dimensions and approximate number of the ship's company - which may be less whilst operating in confined waters.



1 (b) Drawing 165.7, being design No. 116
2 prepared by the above-named Mr. E. E. Bustard,
3 A.M.I.N.A., and dated October, 1955.
4

5 This is a type of vessel which would be well suited
6 to competitive carriage in the Great Lakes, having
7 comparatively high bushel and dead weight capacities.
8 It is also entirely suitable for bulk carriage of
9 any kind, dry cargo, on ocean and coasting trades
10 during the winter months -- e.g. iron ore, coal,
11 gypsum, bauxite, sulphur, etc. As before, the dead
12 weight capacities at varying drafts are given,
13 together with the approximate grain bushel capacity.
14 Its approximate dimensions are set forth, with
15 speeds and approximate ship's company, which again
16 might be reduced in complement during lake
17 operation.

18 These two ship designs, 165.6 and 165.7,
19 sufficiently speak for themselves without any
20 large explanation of the Naval architectural
21 features, save only that we would say there is no
22 single solution to a ship design problem and
23 there are many alternative designs varying both
24 in dimension and in detail. In any event,
25 flexibility of operation with its attendant
26 economic advantages would be forthcoming.

27 As a concluding remark, we would point out
28 that the crews of such vessels could be readily
29 flown to and fro, from the United Kingdom or other
30



places, utilizing the modern Air Charter market which has been built up and is quite active in London. For a reference to this market and its published operations we would again refer to any issue of FAIRPLAY magazine, which is a weekly publication for shipping and marine insurance interests.

II.

THE BALANCE OF MERCHANDISE TRADE BETWEEN CANADA AND THE UNITED KINGDOM - A NOTE PREPARED AS TO THE ARGUMENTS FREQUENTLY ADVANCED BEFORE THIS COMMISSION AS TO THE DESIRABILITY OF THE UNITED KINGDOM EARNING DOLLARS.

It has been argued before this Commission that a great effort should be made to keep an approximate balance between the value of merchandise imports from and of exports to the United Kingdom. It is implied that, if too great an excess of exports from Canada were allowed to develop, corrective measures would have to be taken by the United Kingdom which might have painful consequences for this country.

This view has neither validity in theory nor support in fact. Every country must balance its accounts with all other countries. The inflow of goods and the services (such as insurance, transport and tourist expenditures) which are consumed must either be balanced by commodities and services rendered to others or be offset against changes in liquid investments or long-term securities. This is clearly a global balancing of accounts. The



1 particular state of the trade between any two
2 countries need be of little or no importance. If
3 Canada ships wheat to the United Kingdom; the
4 United Kingdom ships a great line of general manufac-
5 tures to Malaya; Malaya ships rubber to New York;
6 and Canada buys heavily of American manufactures
7 which are more cheaply produced there than at home,
8 then all are better off. The balancing of the
9 particular excesses of imports or exports in the
10 merchandise and service trades between any two in
11 such multi-lateral trade is accomplished in the
12 foreign exchange markets at the metropolitan centres
13 of London and New York, and, possibly, of Montreal,
14 Paris and Amsterdam.

15 Where there is a temporary balance for or
16 against a particular country it may lead to a flow of
17 gold, or to a movement of short money or to sale
18 or purchase of securities. Alternatively, if a
19 country is on a pure paper standard, it may lead
20 to a rise, or fall, in the value of its currency
21 unit in terms of those of other countries with
22 which it trades.

23 At the present time the United Kingdom
24 rations the amount of its purchases from the North
25 American dollar area while allowing much more
26 freedom for the purchase of goods from the rest
27 of the world. This particular institutional device
28 does not invalidate the reasoning given above. It
29 merely means, for example, that all residents of the
30



1 United Kingdom as consumers of bread are forced to
2 subsidize the sales of particular export trades to
3 markets from which wheat is taken at a higher price
4 than it would be got in Canada. No matter how many
5 reasons of national policy are adduced in support
6 of such a policy, Britons as bread consumers are
7 hurt by such a policy.

8 It is tacitly assumed above that the maintenance
9 of an international trading world demands a
10 willingness to allow necessary adjustments to take
11 place. A country which finds itself with imports
12 rising and exports falling, giving rise to an adverse
13 current balance, must be ready to take the measures
14 necessary to bring itself back into a state of
15 balance with the rest of the world. This may mean
16 higher interest rates and, through them, pressure
17 upon the domestic price and wage structure.
18 Conversely, a country with an inflow of funds
19 should be ready to follow an easier policy. The
20 purpose of international trade is not to accumulate
21 a great gold hoard; it is, quite simply, to trade to
22 the fullest permanently supportable level.

23 Now one of the very obvious things about the
24 present situation is that wages and prices in the
25 United Kingdom have been rising strongly while
26 the Chancellor of the Exchequer has recently assured
27 the International Monetary Fund that the value of
28 the pound will not be allowed to fall.

29 Outsiders have no right to criticize this so
30



1 long as there is no pressure on the British balance
2 of payments. But if such pressure does develop --
3 and it has -- then they have a right and a duty to
4 say that the rest of the world has no obligation to
5 shape its actions to make such a British policy
6 effective.

7 Britain is an important part of the whole
8 world but it is not completely dominant so that it
9 can compel the rest of the world to conform itself
10 to the policy of the British trade unions.

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The rise in British weekly wage rates is shown in the following table:

TABLE 165.8

Index of Weekly Wage Rates in the United Kingdom
(June 30, 1947 = 100)

Period

1947	100
1948	106
1949	109
1950	111
1951	120
1952	130
1953	136
1954	142
<u>1955</u>	
Jan.	146
Feb.	146
Mar.	146
Apr.	147
May	147
June	150

Source: The Canadian Statistical Review, Table 2.
Data for 1947-52 are from the 1953
Supplement, page 8; for 1953-55 from the
issue of September 1955, page 2.



No doubt increases in the productivity of British labour are taking place but the increase in wage rates of 15.4 per cent from 1952 to June 1955 is at the rate of about 4.9 per cent per year. This is far beyond any supportable annual rate in any economy.

The argument that Canada is under any obligation to support wage inflation in the United Kingdom just will not hold water.

The argument set out above is supported by the facts of the balance of trade between Canada and the United Kingdom. The change in the balance of trade came in the early 1890's. In the two previous decades there was a large but gradually falling excess of imports from the United Kingdom. In 1890-91 the two were approximately in balance. Thereafter, exports to the United Kingdom have
(1)
always exceeded imports.

If the prosperity of either country were to rely upon such a balance then the 1890's should have been a prelude to disaster. In fact it was nothing of the kind for the reasons pointed out above.

Table 165.9 which follows shows that in every year in the present century there has been an excess of exports from Canada. The years in which the nearest approach to a balance has been made since the ending of the first war are 1921, 1929-32, and 1950. The association with depression conditions

(1) See The Canada Year Book, 1926, pp. 460-461 for the period 1868-1925.



is clear in the first two of these. In 1950, there was a drastic reduction in exports and a sharp increase in imports in the same year, but the fact that the Korean war opened in the same year was of over-riding importance.

TABLE 165.9

Commodity Exports to and Imports from the United Kingdom and the Excess of Exports in each year, 1900-1953 in millions of dollars.

<u>Exports to the</u>	<u>Imports from the</u>	<u>Excess of</u>
<u>United Kingdom</u>	<u>United Kingdom</u>	<u>Exports</u>
Millions of dollars		

1900	97	44	53
01	93	43	50
02	100	49	51
03	125	59	66
04	110	62	48
05	97	60	37
06	127	69	58
07	99	64	35
08	126	94	32
09	126	71	55
10	139	95	44
11	132	110	22
12	147	117	30
13	170	139	31
14	222	132	90
15	212	90	122
16	463	77	386
17	756	107	649
18	861	81	780
19	561	73	488
20	496	126	370
21	314	214	100
22	300	117	183
23	380	141	239
24	361	154	208
25	397	151	246
26	459	165	294
27	410	182	228
28	446	191	255
29	290	195	95
30	235	163	72
31	171	109	62
32	178	94	84
33	211	98	113



	<u>Exports to the</u> <u>United Kingdom</u>	<u>Imports from the</u> <u>United Kingdom</u>	<u>Excess of</u> <u>Exports</u>
	Millions of dollars		

34	270	113	157
35	304	117	187
36	395	123	272
37	402	147	255
38	340	119	221
39	328	114	214
40	508	161	347
41	658	219	439
42	742	161	581
43	1033	135	898
44	1235	111	1124
45	963	141	822
46	598	201	397
47	751	189	562
48	687	300	387
49	705	307	398
50	470	404	66
51	631	421	210
52	746	360	386
53	665	453	212

Columns I and II are drawn from The
Canada Year Book as follows:

1900-13	Ibid.,	1926, pp. 460-1
1914-25	Ibid.,	1933, p. 497
1926-39	Ibid.,	1941, p. 416
1940-46	Ibid.,	1947, pp. 886-7
1946-52	Ibid.,	1954, p. 979

Data are for years ending March 31 up
to 1925 and for calendar years thereafter.

For the year 1953 see The Trade of Canada,
1953, Vol. II, p. 7 and Vol. III, p. 7.



Exhibit No. 165, P. 30

III

SOME INSURANCE FIGURES ON THE Ref. Ex. 7
GREAT LAKES FLEET (CANADIAN). p. 4
Ex. 15
Appen.

The insured value of 100% of the fleet, p. 148
projecting the figure given in the Exhibit, is
213,324,390.

The total gross tonnage represented in the
Association (98% of the fleet) is
816,704.

The per ton value, insured, is \$261 per gross ton.

In order to arrive at some estimate of the
insurance premium paid on this fleet annually, it
is necessary to take some monetary tonnage divisions:

Dividing 80% Hull - 20% I.V. and 55% Upper
Lakers - 45 % Canallers, we have premiums as follows:

Fair guess minimum

UPPERS

Hull	\$93,862,732. @ 1.375%	= \$1,290,612.56
I.V.	23,465,683. @ .50% (Ex Winter)	117,328.41
	<u>\$117,328,415.</u>	<u>\$1,407,940.97</u>

CANALLERS

Hull	\$76,796,780. @ 2.25%	= \$1,727,927.55
I.V.	19,199,195. .625% (Ex Winter)	119,994.97
	<u>\$95,995,975.</u>	<u>\$1,847,922.52</u>

Grand Total \$3,255,863.49

Add P. & I. \$150.00 per ton, producing a total
valuation of \$122,505,600, and a fair guess minimum
rate is as follows:

\$122,505,600 @ .75% = \$918,792.00



The foregoing provides the following recapitulation:-

Hull	-	Uppers	\$1,290,612.56
"	-	Canalliers	1,727,927.55
I.V.	-	Uppers	117,328.41
"	-	Canalliers	119,994.97
P. & I.	-	Both	<u>918,792.00</u>

\$ 4,174,665.49

Our information is that some 60% of the gross premium goes to the United Kingdom, plus 25%-30% of the remainder in the form of re-insurance. This does not take into account the earnings of United Kingdom companies' subsidiaries in Canada.

Special Note: The foregoing figures have been checked by persons prominent in the marine insurance world in and about the Great Lakes, and they are agreed that the best estimate of the amount of gross premium going to United Kingdom interests is as set forth.

Generally speaking, re-insurance goes to the United Kingdom, but it is not possible to obtain any estimate as to the earnings of subsidiary companies in Canada - that is to say, companies doing business in this country but actually having their head offices in the United Kingdom.

We have been given the figure of \$244 as an average insured value per gross ton from the records of one of the biggest companies.

In the foregoing table "I.V." means Increased Value - which is a modern term taking the place of the so-called disbursements insurance



Exhibit No. 165, P. 32

1 and intended to cover against expenditures for
2 general average and salvage charges.

3 This section has been submitted as of interest
4 merely, going some way to show the approximate market
5 value of the fleet.
6

7 The foregoing is submitted as Exhibit 165,
8 as referred to in the transcript, Volume 15C. The
9 notes and memoranda submitted were compiled in
10 consultation with the witnesses McDougall, Crate
11 and Bustard, the first two of which originally
12 appeared at Ottawa (Transcript, Volume 1C, pages
13 341 and 462) and the witness Bustard appeared at
14 Montreal (Transcript, Volume 11, particularly at
15 page 3704). The note on marine insurance was
16 collected by the Association's Counsel from various
17 private sources.
18

19
20 The whole, together with its appendices,
21 respectfully submitted this 19th day of December
22 1955.
23

24
25 F. GERITY
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APPENDIX I

ANSWERS TO QUESTIONS ARISING OUT OF THE TRANSCRIPT

With reference to Exhibit 93, the names of the vessels which were used in these calculations are submitted herewith under separate cover, marked "Confidential", and the data in respect of the same further reproduced in this appendix.

Q. page 3715, line 26 - the speed of these vessels:

Type A - normal speed in open water 15 m.p.h.

Type B - normal speed in open water 11 m.p.h.

It was said in Evidence previously (Vol. 1C, page 388) that the number of the ship's company varied from 33 to 28.

Q. page 3718, Line 18:

The names of the vessels accompany this submission in a separate cover marked "Confidential".

Q. page 3719, line 8:

Previously answered on page 14 of the foregoing exhibit 165.

Q. pages 3720-21-22 - costs per ton-mile:

These costs have been worked out in the greatest detail by Canada Steamship Lines Limited, a principal member of this Association. These figures are being presented to the Commission on the 19th day of December 1955 and, since Counsel and expert advisers to the Association, as a whole, have had opportunity to consider these figures, they



Appendix I page 2

believe them to be the best obtainable in the circumstances and wish to associate themselves with the submission.

Q. page 3723, line 17 - actual depreciation:

Reference 11 - 3723 - Actual depreciation provided in the books of the ship owner for each of four years for each of ships referred to collectively as type B.

	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Ship 1	8,851.00	8,851.00	8,851.00	8,851.00
Ship 2	17,083.00	17,083.00	17,083.00	17,083.00
Ship 3	4,330.00	3,520.00	2,871.00	2,350.00
Ship 4	4,024.00	3,260.00	2,650.00	2,162.00

Reference 11 -- 3723 - Book value (cost less accumulated depreciation) at end of 1954 navigation year, for each of ships referred to collectively as type B.

Ship 1	29,503.00
Ship 2	113,886.00
Ship 3	11,509.00
Ship 4	10,444.00

Q. page 3727, line 10:

This information has already been furnished the Commission in Exhibit 7, page 23, for the ten years preceding the present one, and the source from whence it was drawn was also submitted to the Commission as Exhibit 9.

Q. page 3728, line 5 et seq. to page 3729, line 17:

This question has been fully answered in part I of the foregoing Exhibit 165.



Appendix II page 1

The following Table of general steaming times has been received from two members of the Association and should be representative:

TABLE 2 (a)

Sailing Time - Large Fast Vessels:

Head of Lakes to Bayports	- 1 day, 12 hours
Head of Lakes to Port Colborne	- 2 days, 12 hours
Head of Lakes to Prescott	- 3 days, 12 hours

Loading Grain at Lake head for
Montreal and returning light - $13\frac{1}{2}$ days
This provides for 2 days loading and 2 days unloading.

Sailing Time - Medium Size Upper Lakers:

Head of Lakes to Bayports	- $2\frac{1}{2}$ days
Head of Lakes to Port Colborne	- $3\frac{3}{4}$ days
Head of Lakes to Prescott	- 5 days

None of the above sailing times take into consideration delays in canals or delays at loading or unloading ports or delays due to bad weather.

The above table 2 (a) was prepared by Colonial Steamships, Limited.



Appendix II page 2.

TABLE 2 (b)

Steaming Time - Fast Ship - Large:

Lakehead to Montreal	- Loaded - 4 days 16 hours
Lakehead to Toronto	- Loaded - 2 days 22 hours
Lakehead to Port Colborne	- Loaded - 2 days 10 hours
Lakehead to Sarnia	- Loaded - 1 day 14 hours
Average Load and Lay time, per trip	- 22½ hours
Average Unload and Lay Time	- 36 hours
Average time from Lakehead to Montreal, return light	- 11 days, load on and off.

Steaming Time - Fast Ship, Upbound - Light:

Montreal to Lakehead	- 4 days, 6 hours
Prescott to Lakehead	- 3 days, 9 hours
Toronto to Lakehead	- 2 days, 18 hours
Port Colborne to Lakehead	- 2 days, 6 hours
Sarnia to Lakehead	- 1 day, 12 hours

Steaming Time - Medium Ship - Medium Speed:

Lakehead to Sarnia	- Loaded - 2 days, 7 hours
Lakehead to Port Colborne	- Loaded - 3 days, 15 hours
Lakehead to Toronto	- Loaded - 4 days, 3 hours
Lakehead to Prescott	- Loaded - 5 days
Lakehead to Montreal	- Loaded - 6 days
Average time from Lakehead to Montreal and return - Light	- 15 days, 6 hours, load on and off

Steaming Time - Medium Ship, Upbound - Light:

Montreal to Lakehead	- 5 days, 18 hours
Prescott to Lakehead	- 4 days, 18 hours
Toronto to Lakehead	- 3 days, 22 hours
Port Colborne to Lakehead	- 3 days, 8 hours
Sarnia to Lakehead	- 2 days, 4 hours
Average Unload and Lay Time	- 1 day, 6 hours
Average Load and Lay Time, 4 trips	- 2 days 6 hours

The above Table 2(b) was prepared by Upper Lakes &
St. Lawrence Transportation Company Limited.

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